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THURSDAY, SEPTEMBER 26, 1957

TACONITE FROM TACHKANICK

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EXTRA VALUE MAKES THE DIFFERENCE

Tachkanick is the name Indians gave to the forest wilderness of Northern Minnesota. Taconite is the rock of unusual hardness now being mined in the Mesabi Range. There a plant has been built to crush the rock to face-powder fineness and separate it magnetically to make pellets for shipping. This process places at America's disposal an almost unlimited future supply of iron from ore previously considered too low in iron content.

A \$300 million project is nearing completion: a 160-acre plant to process the ore, comprising rock crushers, magnetic separators, pelletizers, miles of conveyors, a complete harbor and power plant on Lake Superior, a 74-mile railroad, a dam, water works, and a community of 1200 homes and shops.

One important aspect of this impressive develop-

Taconite project in Northeastern Minnesota, soon to start pelletizing iron ore at the rate of 7½ million tons annually

ment was the purchase of insurance to protect the investment and to help safeguard human life. INA wrote master policies covering the liability of more than 200 contractors and subcontractors, and workmen's compensation insurance, uniquely fitted to the needs of the project. INA safety specialists worked alongside construction crews summer and winter. With their help the accident rate was kept below average.

Preventing loss before it happens is part of the extra value a policyholder gets with INA insurance. Can you give your accounts this valuable service? You can if you represent INA. Talk it over with our Service Office people.

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See the complete story on Taconite in the August/September issue of *North America Fieldman*

INSURANCE BY NORTH AMERICA



The NATIONAL UNDERWRITER

61st Year, No. 39
Sept. 26, 1957

The National Weekly Newspaper of Fire and Casualty Insurance

See No Letup In Squeeze On World Hull Underwriters

Copenhagen Meeting Eyes Super-Tanker, Offshore Drilling, St. Lawrence Risk

The conference of International Union of Marine Insurance at Copenhagen was highly successful, according to Carl E. McDowell, executive vice-president of American Institute of Marine Underwriters. The underwriters dealt with a number of serious problems and there was marked determination to chart a realistic course



Percy Chubb 2nd



Miles F. York

through current unsatisfactory economic conditions.

Harold M. Mummery of London summarized the hull discussion in this way: Premiums have fallen behind rising losses, repair costs are rising, and all underwriters are concerned with what is still an experimental ship, the super-tanker. Miles F. York, president of Atlantic Mutual and 2nd vice-president of American Institute, presented a paper on the underwriting problems peculiar to the super-tanker class of vessels.

Percy Chubb 2nd, president of Fed-
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Highlights of the Week's News

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National Board cites 50th anniversary of organized fire prevention in U. S.Page 15
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New Top Officers Of Ohio Farmers

J. C. Hiestand has been elected chairman of Ohio Farmers companies and C. E. Curtis becomes president. C. D. McVay, who has been chairman, recently was re-elected to a three year term as a director.



J. C. Hiestand

Mr. Hiestand joined Ohio Farmers in 1920 as manager of the automobile underwriting department. He has subsequently been secretary, vice-president and president of Ohio Farmers and Ohio Farmers Indemnity. He is a former president of Insurance Federation of Ohio.

Mr. Curtis left law practice to join Ohio Farmers as assistant general counsel in 1931 and was advanced to general counsel in 1938. He later was vice-president and general counsel and more recently executive vice-president.

Mr. McVay, whose career with Ohio Farmers began in 1922, has occupied an executive office during most of that time, serving as general counsel, executive vice-president, president and chairman.

Gerber Reviews His First Year As Illinois Director

A capacity crowd of about 75 members of the Insurance Group of Union League Club of Chicago this week heard a report on his first year as Illinois insurance director by Joseph S. Gerber. He gave some statistics on accomplishments since Jan. 1 and commented on some of the department's problems.

The Illinois department is taking a firm position on the fiduciary capacity of producers, Mr. Gerber declared. The handling of funds is a trust and he said a ruling is to be issued that premiums must be kept in separate accounts and bank records retained for three years. In other words, he said, there is going to be no commingling of funds in Illinois. This statement drew applause.

Mr. Gerber explained that the department has had companies in liquidation and has written the agents and brokers without being able to get a response. It is necessary to gather the assets of the company and have a means of determining what they are. The enforcement of the rules on commingling will help achieve this.

Expressing gratification at the changes in the term rule, Mr. Gerber said he has never been an admirer of that plan of writing insurance. Of the underwriting situation he said he is convinced a complete study of rating will have to be made and new methods developed. Experience statis-

(CONTINUED ON PAGE 36)

Zone 4 Commissioners To Get Straight Talk On Auto Losses

The cold, hard facts of the losing struggle the insurance companies are having with automobile liability coverages will be laid before the commissioners of Zone 4 at their meeting next week in Chicago. It was not intended originally to announce plans for this head-on presentation of the urgent need for adequate rates, but word of the industry intention leaked out, and thus the commissioners will not get the shock treatment.

None of the effectiveness of the industry's case will be lost, however, since the company men intend to tell the story of the beating they have been taking in plain language, and that is a woeful tale of misfortune.

Jensen of North Dakota is chairman of Zone 4, and Gerber of Illinois is host commissioner. The other states in the zone are Indiana, Iowa, Michigan, Minnesota, South Dakota and Wisconsin.

W. J. Heinrich, Allstate, is general chairman of arrangements.

The program will open Monday morning with an address of welcome by Mr. Gerber and a response by Mr. Jensen. The casualty raters (P. H. Andrus of Michigan chairman) will meet to discuss rates, losses and profit factors; the deputies, actuaries and chief examiners (S. E. Orebaugh of Iowa chairman) will have a session on a seven-item agenda which includes retaliatory taxation, claim adjustments, A&S premiums, and deductible automobile liability insurance.

The luncheon that day will be for commissioners only, and in the afternoon the fire raters (J. E. Kennedy, Wisconsin, chairman) will meet to take up rates, losses and profit factors, multiple line contracts, term multiple revisions, and statistical plans.

There will be a reception for the commissioners, staff members and industry that evening.

At the general session Tuesday morning, there will be a report of examinations participated in by the states of Zone 4, a discussion of establishment of a method for filing all state rulings and opinions in the zone so that all states will have access to them, a study of the relationship between departmental appropriations and the growing responsibilities of insurance departments, discussion of a uniform method of issuing non-resident broker licenses within the zone without changing state laws, and consideration of family plan life policies. The afternoon is left open to complete any unfinished business.

Six working subcommittees have been appointed to oversee the conduct of the zone meeting, the committees and their chairmen being: Ways and means, Neil Russell, Chicago Motor Club, and Ralph Jones, Continental Casualty; entertainment, E. J. O'Brien, Lumbermens Mutual Casualty; housing, F. A. Holderman, Zurich; registration, Bettye Osborne, National Assn. of Independent Insurers; finance, Roy Barr, Blue Cross-Blue Shield, and press, Harry Fuller, National Bureau of Casualty Underwriters.

Nebraska Agents Stress Service, Elect L. J. Beck

More Than 400 Attend 50th Annual Convention; Norris, Brittan Named V-Ps

By PHILIP F. VAN PELT

More than 400 members of Nebraska Assn. of Insurance Agents and their wives attended the association's golden anniversary convention in Omaha last week. Theme of the meetings was the need for greater service to the insured.



L. J. Beck Jr.

Leo J. Beck Jr., Stuart Investment Co., Lincoln, was elected president to succeed Fred Parker, Nebraska City, and was also named state national director. Jack B. Norris, Ellersbrock-Norris agency, Hastings, was elected 1st vice-president; John J. Brittan, Brittan agency, Alliance, was named 2nd vice-president, and Kenneth F. Schenck, A. A. Westergard Co., Omaha, was elected secretary-treasurer to succeed Mr. Brittan. Executive secretary of the association is Richard C. Allgood.

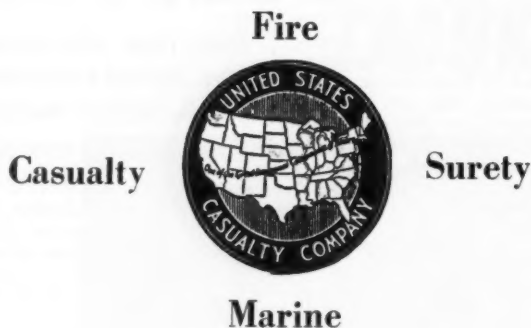
A panel discussion entitled "Production Pointers From Producers" opened the formal convention program. Participating were Bruce E. Greenberg, Grand Island; George G. Barker, Omaha, who read a paper to have been delivered by Edward Copple of Lincoln; Herbert R. Walt, Lincoln, and Bernard J. Steinauer of Steinauer, Neb., who moderated the panel.

Freedom to provide services to the insured is the one feature which separates local independent agents operating under the American agency system for their most aggressive competition, the captive agent of the direct writing insurers, said Mr. Steinauer. He acknowledged the strength of the direct writer's product and admitted that captive agents in many cases are well-trained and highly educated, especially in insurance knowledge. Therefore, he said, the opportunity to provide service to the insured can be the single most important weapon available to the local independent agent in his competition with direct writers.

What kind of services can an agent offer? Mr. Steinauer asked. Primarily service through employment of technical insurance knowledge, such as the answering of insured's questions, explanations of coverages, not only when asked, but as changes occur which will affect insured's insurance program; assisting insured to "clean house" in combining old or unnecessary, over-

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AROUND THE CLOCK

Can't Require Life Insurance As Small Loan Condition In Ill.

Illinois supreme court ruled last week that small loan companies cannot require a borrower to buy life insurance to insure payment of his loan. The decision upholds a 1949 ruling of the insurance department, which stated that "no borrower shall be required to purchase life insurance as a condition precedent to a loan."

The circuit court ruled the department regulation invalid, but this was reversed in the appellate court and the supreme court has upheld the appellate decision.

Household Finance supported the department and Beneficial Management Corp., another leading lending agency, opposed it. Beneficial said small loan agencies should be allowed to require borrowers to purchase life insurance.

G. H. Sunderland, doing business as Ambraw Finance Co. of Newton, Ill., brought the original case on which the supreme court ruled. His position was that the department regulation only prohibited small loan firms themselves from selling life insurance to borrowers as a condition for getting a loan, but that they could still require insurance as long as it was purchased from a third party.

However, the supreme court said that the small loans act, on which the regulation was based, prohibited requiring life insurance for a loan even if insurance was sold by someone else.

Insurance Women Gain Awards

Leo B. Menner & Co. and Marsh & McLennan have received notice from Institute of Certifying Secretaries that secretaries in their organizations have passed the certified professional secretary (CPS) examination this year. Miss June Buller, secretary to Leo B. Menner, president of Leo B. Menner & Co., and Miss Eliza Phillips, secretary to the director of personnel of Marsh & McLennan, were the only examinees from Chicago to have passed the entire examination this year.

Springfield F.&M. Changes In West As Peterson Retires

Magnus E. Peterson, resident vice-president of Springfield F.&M. at Chicago, is retiring Oct. 1. Frank W. Spalding, resident assistant and vice-president succeeds him, and Robert A. Foltz, resident secretary, succeeds Mr. Spalding.



Magnus E. Peterson

Mr. Peterson began his career with Springfield F.&M. in 1906 in the western department at Chicago. He has served the companies as special agent, examiner, underwriting supervisor and office superintendent. He was elected resident assistant secretary in 1936, resident secretary in 1939, resident vice-president in 1946, and named executive head of the companies' western department in 1952.

In recent years he has been active in many insurance organizations. He has served as a member of various committees and president for two terms of Western Underwriters Assn.; a member of the executive and finance committees of Western Actuarial Bureau; president of Oil Insurance Assn.; president of Underwriters Grain Assn.; a member of the executive committee of Underwriters Laboratories; a member of the public relations committee of National Board; vice-president of Farm Underwriters Assn.; vice-president of Railway Underwriters; executive committeeman of Texas Insurance Advisory Assn.; director of Underwriters Salvage Co. of Chicago; director of Western Adjustment; a member of the governing committee of West Virginia Inspection Bureau, and national councilor of U. S. Chamber of Commerce.

Mr. Spalding graduated from Illinois Institute of Technology where he majored in fire protection engineering. He was with Illinois Inspection Bureau, 1931-41, when he left for navy service. He joined Springfield F.&M. in 1946 as fire prevention engineer at Chicago and was later named chief engineer. He was elected resident assistant secretary in 1951, resident secretary in 1952, and resident assistant vice-president this year.

Mr. Foltz graduated from the fire insurance course at Northwestern university and joined the western department in Chicago in 1929. He served in fire, automobile, inland marine and improved risks departments in Chicago and was appointed special agent in Oklahoma in 1938. He returned to Chicago in 1950 as head of the inland marine department and was elected resident secretary in 1952.

P.W. Omits Dividend

Directors of Providence Washington have voted to omit the dividend ordinarily paid at this time. The company paid 25 cents in the previous quarters, the latest June 27. President R. E. Carr told the stockholders the company and the industry in general are going through an adverse loss cycle in practically all classes of business.

Passaic County (N. J.) Assn. of Insurance Agents installed Norman Darmstatter, Passaic, as president; William Sybesma as vice-president, and immediate past-president R. W. Coburn, Paterson, as secretary-treasurer, at the annual meeting in Clifton.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Sept. 24, 1957

	Bid	Asked
Aetna Casualty	127	130
Aetna Fire	56	57½
Aetna Life	195	200
Agricultural	25½	26½
American Equitable	30	31½
American (N. J.)	23½	24½
American Motorists	9½	10½
American Surety	15½	16½
Boston	28½	29½
Camden Fire	27½	28
Continental Casualty	81	82½
Crum & Forster com.	52½	54
Federal	39½	40½
Fire Association	36	37
Fireman's Fund	47	50
Firemen's (N. J.)	33½	34½
General Re	46½	47½
Glens Falls	25½	26½
Globe & Republic	16	17
Great American Fire	30	31
Hartford Fire	136½	138½
Hanover Fire	31½	32½
Home (N. Y.)	35½	36½
Ins. Co. of No. America	93½	95½
Maryland Casualty	32½	33½
Mass. Bonding	26½	27½
National Fire	74	76
National Union	30½	31½
New Amsterdam Cas.	43½	44½
New Hampshire	35	37
North River	31½	32½
Ohio Casualty	19	21
Phoenix Conn.	59	61
Prov. Wash.	14	15
St. Paul F.&M.	42	44
Springfield F.&M.	39	40½
Standard Accident	53	55
Travelers	78½	79½
U.S.F.&G.	61½	63
U. S. Fire	20½	21½

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Zone 6 Commissioners Adopt Significant Resolutions At Seattle

A number of significant resolutions were adopted by members of Zone 6 of National Assn. of Insurance Commissioners at their meeting in Seattle Sept. 9-10. They include a recommendation that five year term contracts be discontinued "immediately;" that the industry make permanent its committee which developed the recommendation to modify the term rule; that a subcommittee of NAIC be set up to do a similar job for automobile insurance; that NAIC request the industry to take steps to curtail "free insurance," and that NAIC give full consideration at its next meeting to modification of rating formulas to take into account trend factors.

The resolution on discontinuing the five year term business noted that discussions at the zone meeting confirmed that one of the basic causes of excessive loss ratios in all classes of fire and casualty business has been the effect of rapid and economic changes and that five year term delays for "an unreasonable time" the effect of rate changes, a matter that is especially critical in a period of rapid economic change. It is recommended that the use of five year term contracts be discontinued immediately and that the executive committee of NAIC request similar discontinuation of five year term contracts in other jurisdictions.

Inter-Regional Insurance Conference, working with representatives of all insurers, developed recommenda-

tions resulting in prompt modification of the term rule credit on a national basis, and such activity should be furthered, the commissioners felt. The resolution on this subject urges NAIC to request that the industry make permanent the committee which "acted so effectively" in connection with modification of term credits so that the committee may consider other rating matters, including suggestions for improvement of loss ratios made by commissioners, rating bureaus, company officials and agents, together with recommendations for their implementation.

Such work also might be done in the automobile field, another resolution noted, suggesting that the executive committee of NAIC designate a subcommittee to study and possibly propose creation of a similar committee, consisting of senior underwriting executives of automobile companies, so that suggestions of commissioners, etc., could have the benefit of expert evaluation and recommendation.

The zone meeting confirmed the view that free insurance resulting from no charge for flat cancellation of policies and binders constitutes a serious drain on the industry in both expenses and losses and results in unfair treatment of other policyholders. The resolution on this subject recommended that NAIC request the industry to study the problem and take all practical steps to curtail or eliminate the practice.

A substantial portion of the industry and the Zone 6 commissioners agreed that the rating formulas require modification in view of the effects of inflation and adverse experience, and the resolution on this requests that the matter be given full consideration at the midyear meeting of NAIC in New York.

Mutuals Considers Means Of Holding The Expense Line

Growing interest of mutual insurers in "expense prevention" highlighted the three-day annual American Mutual Insurance Alliance office management and personnel conference last week at Chicago.

The 80 office and personnel managers in attendance agreed that the most promising avenues to reduction of company expense ratios are work simplification, closer expense analysis and control, and better use of personnel.

"Every operation within an insurance company should be looked upon as subject to improvement," said E. A. Fleischauer, Hardware Mutuals of Stevens Point, in outlining his organization's study of work simplification. He said the best procedure is to select a single operation for study, work out a written analysis of it which questions every detail, improve the job by elimination and rearrangement of details. Work simplification has become a necessity in the face of increasing clerical costs and huge machine rentals, he said.

Commenting on expense analysis and expense control, two speakers contended that costs are elusive in the fire-casualty business, and that the salvation of the insurance industry may lie in its learning as much about its own costs as some other types of business have known for years. W. J. Zeiter, Security Mutual Casualty, and S. G. Tattersall, Liberty Mutual, held that insurance, partly because of tradition, seems unable to be objective about its expense picture, but this attitude must be changed through decision of top management.

The use of merit rating as a management tool was analyzed by Dr. R. N. McMurphy of the business consulting firm of McMurphy, Hamstra & Co. He listed a number of faults which have been uncovered in past attempts to use merit rating as a means of measuring employee performance. They include: Efforts of supervisors to rate subordinates they do not know; unwillingness to take sufficient time for analysis; differences in rater temperaments; the "halo effect" in which a worker who excels in one activity is looked upon as excelling in all, and vice versa; giving too much weight to recent occurrences; tendency to give supervisors information which will not embarrass the rater; telling supervisors what they want to hear; playing politics; reluctance to make adverse ratings because these must be discussed with the employee; use of ratings for ulterior purposes; lack of uniform standards; rater prejudice; extreme rater indecision; lack of rater analytic ability; reluctance to rate low or high but to follow a "central tendency," and proneness to wishful thinking.

Planning programs of personal self-improvement for executives was the subject of Norman C. Allhiser, director of the Industrial Management Institute of the University of Wisconsin.

The final session was devoted to consideration of employee recruitment, and to organization of white collar workers. Speakers were: W. C. DeLee, Texas Employers; W. J. Hindman, Lumbermens Mutual Casualty, and T. A. Duckworth, Employers Mutual of Wausau.

Eye Installment Covers With Idea Of Correcting Evils

NEW YORK—The New York legislature's joint committee on commerce and economic development held a public hearing here on consumer credit legislation. Particular emphasis was put on the insurance aspects of automobile financing, the "packaging" of insurance items and "other benefits" in retail installment contracts, and related matters, including bait advertising. Approximately 150 representatives of insurance, banking, and other agencies concerned with consumer buying and credit attended.

Attorney General Lefkowitz opened the hearing with a commentary on the state's personal property law, which requires that an installment contract covering the sale of an automobile itemize the amount included for insurance and other benefits, but fails to fix a ceiling on the amount which may be included in contract for benefits other than insurance. A ceiling is prescribed if the contract includes only an amount for insurance, he said. But if it contains other benefits, no maximum on the charge to the buyers is mandated. The experience of his office, he said, is that the only other benefits available to the buyer under the statute is the privilege of borrowing more money at high interest.

The insurance and banking departments are studying problems related to insurance in connection with installment sales. This was indicated by Roger F. Downey, administrative assistant to Insurance Superintendent Leffert Holz. This study is giving special attention to the sale of insurance at manual rates, though the financing agency purchases the insurance at lower rates; inclusion of insurance and non-insurance items in a package as part of an installment sales contract for automobiles without disclosure of the cost of each item in the package; appropriate times for financing the sale of insurance on an installment basis unrelated to the sale of goods; and the practice in installment sales of automobiles whereby dealers obtain through dealer reserves, a portion of the credit service and/or insurance charges paid by consumers.

Mr. Downey said the department has been studying all types of insurance sold in connection with credit transactions for 18 months. To date the inquiry has included conferences with executives of the leading finance companies; representatives of insurers writing the greatest volume of coverage on credit transactions; rating organizations, and agents. One phase of the study has gone into the practices of auto dealers; the other into recent automobile purchases. Investigation of the latter revealed that the majority of persons financing the purchase of a new car are concerned with only one consideration: The total amount of the monthly installment payment. Few purchasers inquire about the segments of the monthly charge. As a consequence, he said, the responsibility lies with the legislature and regulatory authorities to protect the unwary purchaser by making certain he is provided with all essential information.

Michael F. Horgan of New York, counsel to the committee, emphasized how normal acquisition costs of au-

(CONTINUED ON PAGE 25)

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Cal. Commissioner Comments On Rate Making Methods

Comments on the agenda of the Zone 6 meeting of National Assn. of Insurance Commissioners in Seattle, going into detail on such critical subjects as rate making, were offered by Commissioner F. Britton McConnell of California at a luncheon meeting for company presidents and commissioners.

The California department prepared a tabulation of underwriting results of all insurers admitted in the state, and Mr. McConnell the figures are representative. He called attention to the fact that only 70 of the 354 stock companies showed an underwriting profit in the first six months. Of the 58 mutuals, the combined loss to surplus was \$22,862,000, and of the 21 reciprocals the surplus loss was \$453,000. All types of insurers, therefore, suffered losses to surplus—some because of adjustments due to gain or loss in investment valuations, some to adjustments of statutory against case reserves, some because of dividends to policyholders or stockholders.

While the commissioners have an independent responsibility in approving or disapproving rates, they are largely dependent upon the products of the rating bureaus, Commissioner McConnell said. These bureaus have a record of integrity and the public has confidence in them. Connected with that integrity and confidence, he commented, is the proposition "which to me is inescapable, that if these bureaus operate in the public service then all of their functions must be open to public discussion."

Saying he had never heard that idea questioned directly, Mr. McConnell remarked that he has heard of activities aimed at suppressing discussion of some of the operations or methods of operations of bureaus. That cannot be tolerated, he declared. There must be no secrecy regarding the methods by which they operate.

He asked the company executives and the zone commissioners: "Do you think you know how rating bureaus function, and why they do what they do?" The answer, he said, is that nobody in the room could say yes to that question as to all the bureaus. There are other questions that could be asked about the rating bureaus, he continued, and he said he thinks they are important. They are:

—From what source does each rating bureau receive its statistics?

- Are the statistics broad enough in scope and in volume?
- Are the premiums in such statistics adjusted to rate level changes?
- Are the losses in such statistics converted to present and/or prospective cost bases?
- Are premium statistics on a written or earned basis?
- Does the bureau use the policy year or calendar year or a combination?
- Does the bureau apply different weights to the annual statistics used,

(CONTINUED ON PAGE 29)

Premiums, Losses Of Mutual Insurers Up, Alliance Reports

Net premiums written by the 204 mutual casualty insurers in the U. S. in 1956 were \$1,741,224,882, and by the 2,293 mutual fire companies \$791,946,531, for a total of \$2,533,171,413, according to the annual company-by-company survey of American Mutual

Insurance Alliance. This compares with 1955 mutual fire-casualty net written volume of \$2,343,435,448.

For mutual casualty companies net premiums written were up 9% over 1955. Losses paid were up 17.9% to \$891,596,143. Assets were up 7.7% to \$2,794,653,492. Surplus to policyholders increased 4% to \$726,909,051.

For mutual fire companies, net premiums written were up 6.1%. Net losses paid showed a 13.8% increase to \$353,260,769. Assets increased 3% to \$1,752,697,520. Surplus increased 2% to \$910,920,938.



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was a young agent named O'Lesses
Who bought a list of addresses,
He thought he'd sell more
If he went door to door,
But wound up with more "noes" than "yesses"!

Then our "Ag-Empire" Man called on the youth
And taught him this insurance truth:
"You don't have to go miles,
There's gold in your files."
So O'Lesses joined "Ag-Empire", forsooth!

MORAL: Your best prospects are your present clients—and if they're not fully insured—they haven't enough!

Showing agents real workable ways to "mine" the "gold" in their files is routine for any "AG-EMPIRE" fieldman. Over the years, he's gained a wealth of experience working with successful agents and, naturally, knows his stuff. And he has a fistfull of proven methods to help agents in selling more insurance to their present clients. Agents . . . young, or new in the business . . . will be especially interested in the helps he can give them.



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Midwest	Fidelity-Surety Under.	8,500
Midwest	Auto Underwriting Super	8,000
Midwest	Agency-Casualty Engineer	8,000
W. Coast	Comp.-Liability Under.	7,500
Colorado	Casualty Special Agent	7,000

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Put Springfield Group Employee Stock Purchase Plan Into Operation

Springfield F&M. has put into effect the stock purchase plan for employees approved by stockholders at the annual meeting.

The price of stock to employees will be the average price paid by the trustees for each share in any quarterly period. The company contribution toward the purchase price is 20% of the employee's contribution.

Each full-time employee with the company at least six months may authorize the company to withhold up to 10% of his or her salary in excess of \$3,500. This basic exemption of the first \$3,500 of an employee's salary was made, a company spokesman said, because, in the opinion of investment experts, there is a minimum amount to anyone's financial resources which should not be subjected to the dangers of fluctuating prices that necessarily go with the ownership of common stocks.

'Advertising Is Selling' Set As Theme Of Tenn. Agents Annual

"Advertising Is Selling" is the theme of the annual convention of Insurers of Tennessee to be held Oct. 20-22 at the Read House in Chattanooga. A discussion and resolution of the group's advertising plans will be a feature of the meeting.

On Oct. 20, preceeding the general sessions, the executive committee will hold its quarterly meeting. It will be

open to all members.

Commissioner Northington will be the first speaker Monday morning, when the convention will be opened by President W. P. Deese, Nashville. Charles Andrews, sales promotion director of Newspaper Printing Corp., Nashville, also will address the meeting that morning. The session will conclude with a panel discussion of the commercial property form. W. S. Ellis, Royal-Globe, Chicago, will moderate. Panelists will be Howard L. Bleser of Hartford Fire group, John Lenahan of America Fore, both of Chicago; and J. E. Maroney, president of J. E. Maroney Co., Fort Wayne, Ind. This is the same panel which appeared at the Midwest Agents Conference of National Assn. of Insurance Agents in French Lick, Ind., earlier this year.

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on
every
door...**

Mr. Client

Call on *all* your clients and prospects and make sure all of them are aware of the dangers of *under-insurance*.

1 out of every **3** homes is *under-insured*.

A large percentage (83%) of household goods and personal possessions are *not* covered.

Mr. Prospect

Cultivate your prospects in *advance* with sales letters, folders, telephone calls, etc. Then knock on every door and you'll meet a man or woman who needs *more* insurance protection. They will welcome your professional advice on adequate coverages and amounts... and they'll be particularly interested in the newer package policies which give them more protection for less premium investment.

Our Advertising Department can help you sell homeowners and tenants on the advantages of insurance to *full* value. Write now for samples of sales letters and literature on "increased values" as applied to Dwelling and Contents Fire Insurance particularly, as well as on Homeowners, CDP, and other package policies.

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THE MERCANTILE INSURANCE COMPANY OF AMERICA

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Monday afternoon, an NAIA advertising program display will be presented by Neill Tonks, Doremus & Co., New York advertising firm handling the national program. A business meeting at which officers will be elected, will follow. Gene Flack, advertising director of Sunshine Biscuit, Inc., will be the speaker at the banquet.

Simultaneously, breakfasts for rural and small town agents, and metropolitan agents, will open the concluding session Tuesday morning. Jack C. Nisbet, president of Agricultural Selling, Columbus, O., then will speak on "Selling Is Fun."

A combined Insurers of Tennessee advertising program and NAIA plan discussion will be held prior to the luncheon. What to do with the two plans will be gone over. Directors of the Tennessee association earlier instructed the public relations committee to employ an advertising firm to coordinate the Tennessee program of "insurer insured" with the NAIA campaign, in order to continue the benefits which the group has had from its own promotion. After this, the business meeting will be reconvened and the convention adjourned shortly thereafter.

Propose Regulations Of Installment Cover In N. C.

A proposed set of rules and regulations for handling credit insurance written in connection with installment sales in North Carolina was presented by Commissioner Gold at a hearing held Sept. 10. At that time he said he would reopen the matter Sept. 26 to consider any suggestions advanced by that time, and to announce his decision.

The regulations provide that coverages must be shown separately and the premiums per coverage shown.

Mr. Gold told about 75 insurance representatives and loan agency officials attending the hearing that "we are trying to show the insured what he is buying, what it costs him and what he has."

The proposed regulations are in accord with the act passed by the 1957 legislature requiring that all insurance be sold through a licensed agent. This particular feature drew most of the questions at the hearing.

Dallas Agents Elect Wallace

Dallas Assn. of Insurance Agents has elected James E. Wallace president to succeed W. Nicholas Williams. Other officers are William L. Carter, vice-president, and J. L. Curtis, executive secretary (reelected).

Richard Kamman, assistant secretary of Travelers, New York, will compare the blanket crime policy with the 3-D at the educational forum of Greater New York Insurance Brokers' Assn. Oct. 1.

Record 325 Attend Mutual Loss Managers Parley

Current insurance developments, featuring competitive pressures, are presenting many problems to those responsible for drafting multiple line policies, Mutual Loss Managers Conference was told by Harry Perlet, general manager of Multi-Peril Insurance Conference.

The conference, sponsored by Mutual Loss Research Bureau, met last week at Chicago. Its increasing stature was attested by a record attendance of more than 325 adjusters and company loss managers.

Elected to head the loss managers committee for the coming year was Charles R. Snyder, central claims department manager for Northwestern Mutual. He succeeds W. G. Coggeshall, fire claims manager of Home Mutual of Appleton, Wis. Other committee members are: M. S. Chenault, Iowa Hardware Mutual; R. H. Feelhaver, Grain Dealers Mutual; T. A. Getz, Indiana Lumbermens Mutual, and W. T. Tower, Federal Mutual.

Mr. Perlet stressed that the problem in drafting multiple-line forms is to effect a compromise between precise legal draftsmanship and a presentation fairly intelligible to the layman. In speaking of competition as a factor affecting form drafting he warned that individual companies should exercise great restraint in drafting their own forms and coverages. They have a responsibility to the whole industry and the public not to evolve freak or unusual forms which cannot be sold to a large segment of the insuring public. Insurers, he said, should strive to eliminate the competitive aspect from forms when it involves only gimmicks, or forms which may be dangerous from an underwriting standpoint when made available to the whole population.

Little actual research from a legal standpoint seems to have been done with respect to insurance policies and forms, Mr. Perlet observed. Frequently terms are used which have a well-established legal meaning arising out of use in other fields. When a form is presented to a court for interpretation it probably will apply any recognized interpretation whether it has been established in insurance or elsewhere. This sometimes has unfortunate results.

Much of the form drafting in the fire insurance business, he pointed

out, is done by underwriters who are well aware of the coverages they wish to grant but sometimes lack skill to express the coverage precisely. The casualty underwriter usually outlines the coverage he desires and actual drafting is done by lawyers. The underwriter tends to believe that everyone has the same intimate knowledge he has, and his wording tends to be brief. The lawyer tends to employ legalistic language and to go to great lengths to tie down all loose ends.

Other problems arise out of the ed-
(CONTINUED ON PAGE 23)

Thomas Harman Is New President Of Wash. Agents Assn.

Thomas A. Harman, Seattle, was installed last week at Seattle as president of Washington Assn. of Insurance Agents, succeeding William R. Lee, Chehalis.

Other officers elected are Roland Dick, Everett, vice-president; Orville

Garrett, Bellingham, regional vice-president; Hugh Hitchcock, Ellensburg, regional vice-president; John M. Shipley, Spokane, secretary-treasurer; Keith McCoy, White Salmon, trustee at large. H. P. Sargent, Seattle, was reelected state national director.

The association by resolution directed its officers and executive committee to investigate coercive practices and unfair competition among lending institutions in the state. About 500 attended the three-day convention.

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PLUS Powerful Advertising in America's Favorite Magazines—The 19,700,000 readers of THE SATURDAY EVENING POST have been added to the millions of insurance prospects already being reached for you by The Home Insurance Company's full-page advertising program in TIME and other leading publications reaching a total of 52,476,000 readers! This tremendous combination of magazines and radio will reach the eyes and ears of more insurance prospects than ever before! Identify your agency as the one that readers and listeners in your area are being urged to see.

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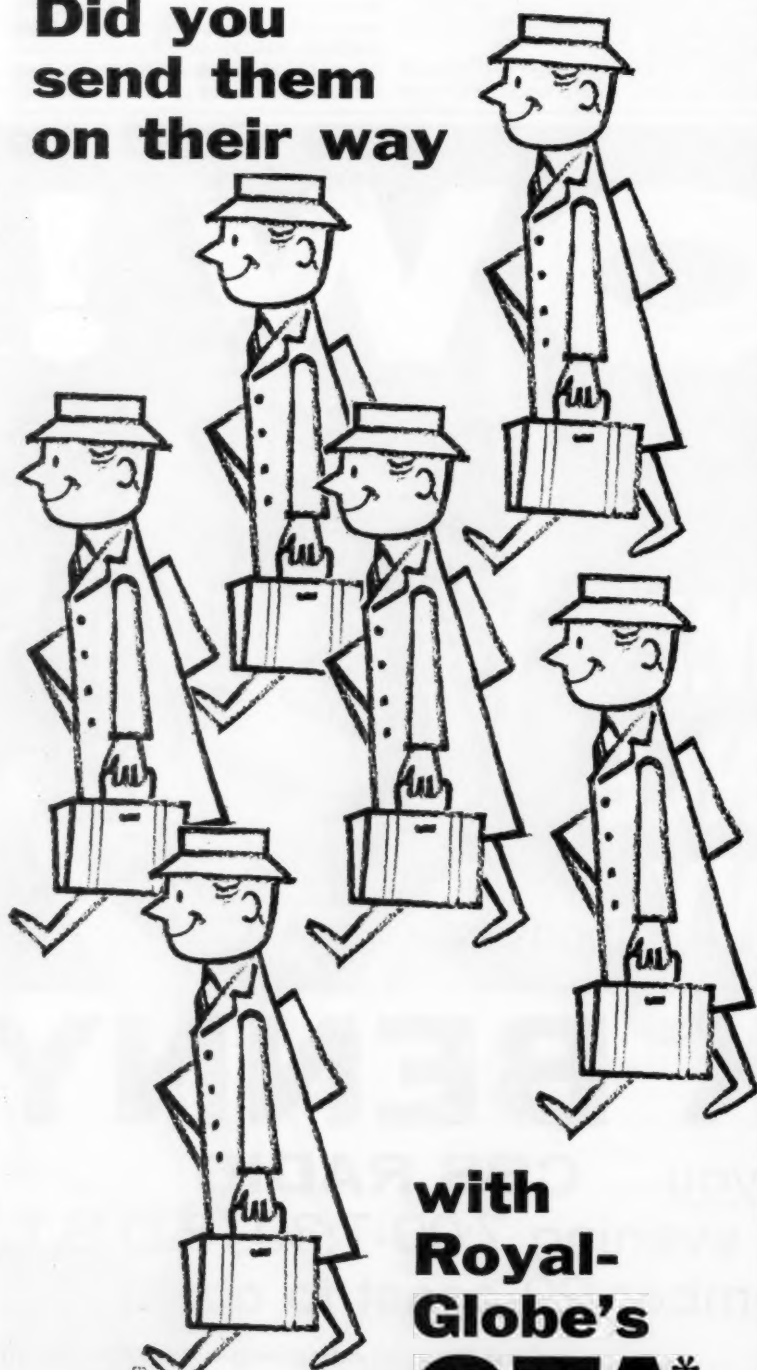
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Asks Bids On Blanket Bond On PO Employees

WASHINGTON—The Post Office will continue for another two years the blanket surety bonding which has covered all postal employees since Jan. 1, 1956, without cost to them, upon expiration of the present contract Dec. 31. An invitation to bid on a new bond has been issued to all surety companies which are authorized by the Treasury to bond federal employees. Bids will be opened Sept. 27.

The two year contract ending Dec. 31 cost \$367,000 and was written by Liberty Mutual. It is understood the experience ran over 70%. The new contract will cover Jan. 1, 1958, to Dec. 31, 1958.

Though employees themselves are no longer required to pay for their own bonding, the Post Office states it has made substantial savings under the new system. The administration and paper costs connected with individual bonding of the large number of postal employees—approximately half a million on the regular staff, plus several hundred thousand temporary employees at Christmas—more than offsets the \$367,000 cost over the two years.

Under the previous bonding system, every postal employee was required to furnish a bond at his own expense. In some instances—particularly for postmasters in large offices—the bond cost ran as high as \$50 a year each.

Chubb Presents Ship Painting to 'Syndicat'

A painting of the *Olympia*, an American sailing vessel entering the port of LeHavre in 1828, was presented to the Syndicat des Societes d'Assurance Maritime et de Transport in Paris by Percy Chubb, president of Federal and head of American Institute of Marine Underwriters, on behalf of American underwriters.

In making the presentation Mr. Chubb commented that the ship "is near enough the rocks to attract the interest of underwriters."

The painting, primitive in style but accurate in detail, is by an unknown artist, but probably by a sailor of the period. It was done in water color and ink on canvas.

Annual Meeting Of Mass. Brokers To Be Held Oct. 8

Arthur J. Gartland, Boston broker and member of the legislative committee studying compulsory insurance, will be the speaker at the annual meeting of Insurance Brokers Assn. of Massachusetts at Hotel Somerset, Boston, Oct. 8.

The luncheon will be preceded by the annual business meeting. In addition to committee and other reports, the association will act on the following nominations:

J. L. Kelly of Boston for president; James Cantor of Lowell, S. O. Penni Jr. of Boston, and L. B. Shearer of Rockland for vice-presidents, and D. W. Haward of Boston for secretary-treasurer; and, for directors, A. G. Gordon of Norwell, C. W. Kessler of Lynn, F. H. Bubier of Maynard, Frank Mills of Worcester, F. H. Nichols of Boston, R. C. Powers of Randolph, H. M. Chapin of Boston, J. F. MacNeil of Lexington, K. F. Wilson of Fitchburg, and M. J. Ladd and M. B. Flanders of Boston.

Conn. CPCUs Hear Leslie

William Leslie, general manager of National Bureau of Casualty Underwriters, discussed automobile liability rates at a meeting of Connecticut CPCU chapter in West Hartford.



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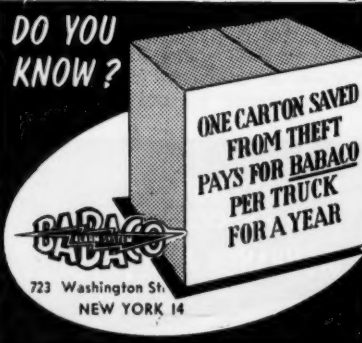
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INQUIRIES FROM BONAFIDE AGENTS INVITED

Expect 700 To Turn Out For NAI Annual

Attendance of about 700 is anticipated for the annual meeting of National Assn. of Independent Insurers at Chicago Oct. 16-18. The tentative program includes talks by Director Gerber of Illinois and Commissioner Navarre of Michigan, the latter being president of National Assn. of Insurance Commissioners. They will speak at the first general session Wednesday morning. Also on the program that morning is the report of Vestal Lemmon, NAI general manager, and the presidential address of Col. Charles E. Cheever of the United Services Auto.

Luncheon speaker Wednesday will be Victor R. Hansen, assistant attorney-general in charge of the anti-trust division of the U. S. Department of Justice, whose topic is "Insurance Competition and the Anti-Trust Laws." That afternoon a six-man panel representing industry and regulatory authorities will take up state regulation and independent filings. John H. Carton, Wolverine, will moderate.

Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, will lead off the Thursday morning program with a talk on "The Neglected Art of Underwriting." The remainder of the morning will be devoted to an analysis of legislation with B. E. Harkney, speaker of the Oklahoma house, taking up "Oklahoma Insurance Legislation In The Public Interest;" Donald Schaffer, assistant general counsel for Allstate and former West Virginia deputy, talking on "Industry Responsibilities in the Preparation of a Modern Insurance Code;" A. I. Harkavy, Newark attorney, on "Meeting the Challenge of Competitive Negligence," and Sen. Jarrard A. Secrest of the Texas legislature on "The Policyholders' Stake In Flexible Rates."

The luncheon speaker Thursday will be Jennings Randolph, assistant to the president of Capital Airlines. That afternoon the NAI will have an executive session.

On Friday there will be a panel discussion on current investment trends moderated by Shelby C. Davis of New York. Panel members will be Lincoln Hall, Fidelity-Philadelphia Trust Co.; John D. Woolledge, State

Farm Mutual Auto, and Preston Estep, Transit Casualty. Concluding the program will be a traffic safety presentation in which the participants will be F. M. Kreml of the transportation center at Northwestern University; George C. Stewart of National Safety Council; James P. Economos, director of the traffic court program of American Bar Assn.; W. G. Johnson, National Safety Council; Ray Ashworth of the traffic institute at Northwestern, and Thomas C. Morrill, State Farm Mutual Auto, chairman of the NAI traffic safety policy committee.

Shatterproof Glass Corp. Dealers Adopt Windshield Replacement Guide

DETROIT—Shatterproof Glass Corp. dealers are adopting the "Windshield Replacement Guide" as part of their present "Guaranteed Installation Service." Originated by William P. Henderson of Henderson Tire Co., whose articles on windshields are currently appearing in THE NATIONAL UNDERWRITER, the "Windshield Replacement Guide" sets up a standard policy for replacing damaged automobile windshields.

The guide is being incorporated into the present Shatterproof insurance service in order to give insurers an effective means of controlling replacements and give dealers a consistent replacement standard for their insurance customers.

The guide recommends that if safe driving vision becomes impaired, immediate windshield replacement is necessary, but if the damage does not hinder safe vision, replacement is not recommended. The guide shows the three areas of the windshield—acute, critical and non-critical—and within these such damages as outright breakage, star breaks, sand pits, cracks, etc., supplying a measurement by which the necessity for replacement can be determined.

If it is decided that no replacement is needed, one section of the guide explains why.

Another section lists a code of ethics for a glass installation shop, including such recommendations as: No cash settlements or unusual arrangements on trade-in car replacements; use of warranty on new cars so that the selling dealer can be held responsible for replacement if necessary; refusal to substitute tinted or shaded windshields for clear glass unless the insurer is notified and the owner pays the difference.

Chicago Blue Geese Get OK To Form Northern Ill. Puddle

A green light to set up shop and see what happens was given to a proposed northern Illinois puddle by Chicago area Blue Goose members at an organizational meeting this week. The Midland hotel, Chicago.

Kent Macy, New York Underwriters, most loyal gander of the Illinois pond, presided at the meeting at which interested ganders kicked around the drawbacks, desirability and constitutional aspects of forming the puddle. They agreed to organize at a meeting, Nov. 18, at the Midland hotel. Dale Stentz, Western Adjustment, will head the nominating committee which will present its slate for election and installation at that meeting. Illinois Fire Underwriters Assn. will also meet at that time.

Plans for the puddle were buoyed by successful results in similar organizations in other states, and ganders agreed that the large number of prospective members in the Chicago area together with the opportunity to generate more spirit into the pond merited activation of the puddle. These prospects number around 200 and the organizing committee reported they expected a large proportion of these to join. The project has been under consideration for several years.

Frankovitz To Head New Ind. Reciprocal

INDIANAPOLIS—Lipot Frankovitz has been elected president of International Automobile Insurance Association, a non-assessable reciprocal auto insurer recently formed in here. Also elected by the directors of International Underwriters, attorney-in-fact for the association, were Fred Fishman and Henry Doner, vice-presidents, Theodore Dann, secretary, and Leon Frisch, treasurer and chairman. Paul W. Sult has joined the company as director of agencies. He will join Robert D. Allen in the management of the company, which was formed in September, 1956.

Now Valley Forge Ins. Co.

American Aviation & General has changed its name to Valley Forge. This is a subsidiary of American Casualty, which also has Valley Forge Life.

Landon Retires As Assistant Coast Manager Of Northern

W. P. Landon, assistant manager of the Pacific department of Northern of London, is retiring Oct. 1 and will be succeeded by Joseph A. Lucassen whose title will be resident secretary.

Mr. Landon, after several years with Fireman's Fund, joined Northern in 1920 as supervisor of the Pacific department. In 1952 he became assistant manager. He was guest of honor at a luncheon at the Commercial Club in San Francisco attended by his associates and was presented a wristwatch on behalf of the directors by Peyton Y. Alverson, Pacific manager.

Mr. Lucassen has spent his entire business career with the Northern, joining the company in 1916 after completion of his schooling.

Auto Rates Rise In Ky., Miss., And W. Va.

National Bureau of Casualty Underwriters has revised automobile liability rates in Kentucky, Mississippi, and West Virginia, and National Automobile Underwriters Assn. has revised auto physical damage rates in West Virginia, effective Sept. 25. Rates for all classifications are increased in all three states.

In Kentucky, liability class 1A increases range from \$4 to \$15, class 2A from \$7 to \$19, and class 2C from \$15 to \$44. In Mississippi, class 1A is increased from \$3 to \$18, class 2A from \$10 to \$28, and class 2C from \$37 to \$83. In West Virginia, class 1A is increased from \$2 to \$8, class 2A \$8, and class 2C from \$16 to \$27. In all three states, farmers receive the 30% discount.

NAUA in West Virginia, has increased comprehensive \$2 in most of the state. The \$50 deductible and \$100 deductible collision are increased 9% in most of the state. Class 2C collision is increased 30% statewide. Comprehensive on commercial vehicles operated within a 50 mile radius are reduced 21%.

Bronx Insurance Broker's Assn. heard Arthur Graham, White Plains, N.Y., special agent of Hartford Fire, discuss package policies at the September meeting.

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Gets Qualification Law In Alabama

The Alabama legislature has passed and the governor has signed an agent's qualification bill. The bill passed both house and senate unanimously. It contains some of the features of the Florida qualification measure, it requires written examinations, the licensing of service representatives, etc. At the same time, a qualification bill for life and A&S agents passed unanimously and was signed by the governor.

Cut Family Auto Cover Of Mich. Assigned Risks

National Bureau of Casualty Underwriters is cutting down family automobile coverage for assigned risk plan insured in Michigan. A new endorsement, effective Sept. 15, eliminates drive other car coverage for members of the named insured's family, other than his spouse; and also removes the automatic coverage of all private passenger and utility automobiles owned by the named insured and

spouse. With the endorsement, the policy covers only specifically described automobiles, temporary substitutes for them and those which replace described automobiles, subject to 30 days notice to the company. Drive other car coverage for the named insured and spouse is not affected.

At present, this endorsement is prescribed for use in Michigan only.

Iowa Automobile Assigned Risk Plan will hold its annual meeting Oct. 18 at Des Moines.

20 States Receive Awards For Driver Education Programs

Assn. of Casualty & Surety Companies has named 20 states to receive awards of excellence for the extent and quality of their high school driver education programs conducted during the 1956-1957 school year.

Judges selected Arizona, California, Connecticut, Delaware, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Vermont, Virginia, and Wisconsin award of excellence winners; Missouri, New Hampshire, and Texas awards of honor, and Maine an award of merit. In addition, California and North Dakota were specially cited for driver education attainment in their private and parochial schools.

Thomas N. Boate, head of the accident prevention department of the casualty association, said three factors have contributed to the growth of the program during the past 10 years: A steady gain in the number of states offering financial aid to high schools meeting national standards of approved course requirements, the lower premiums most insurers offer graduates of driver education courses meeting such standards, and the rise in the number of organizations supporting the program.

This year the number of students receiving classroom instruction topped one million for the first time. The total of students was 1,123,164, and the increase over the previous year, 21.5%, almost exactly represented the total number of students who participated in the program during its first year, 1947-1948.

Allied Adjusters Elects Winchester President

Allied Adjusters of Baltimore has elected Philip M. Winchester president. He succeeds John D. C. Roane, who becomes chairman. James R. Leizure was elected vice-president and secretary, and William T. Nickerson vice-president and treasurer.

Mr. Winchester, formerly a vice-president, has been with the firm since last year. Mr. Leizure was first elected a vice-president in 1955. Both men have been active in insurance adjusting for 35 years. Mr. Nickerson has been with Allied Adjusters and its predecessor for 10 years. Prior to that time he was an adjuster with Travelers.

Pearl Names Montgomery In Pacific Coast Claims

Pearl has appointed Charles E. Montgomery claims superintendent of the multiple claims department in the Pacific coast branch at San Francisco. An experienced claims supervisor, he is a vice-president of Central Coast Claims Assn.

General Agents Elect Kirkman

Hoosier Casualty General Agents Assn. has elected Orlin E. Kirkman, Decatur, Ill., president; L. W. McKinnon, Flint, Mich., vice-president; Mrs. Marie Ford, Newark, N. J., secretary-treasurer, and Paul Raines, Des Moines, chairman.

National Assn. of Insurance Brokers address has been changed to 62 William street, New York 5, with the removal to there of the law offices of Palmer, Serles, Delaney, Shaw & Pomerooy. Barclay Shaw, a partner in the firm, is secretary of the association.

AGENTS—Here's BROADER TRUCK COVERAGE

The package offered by Mid-Union Indemnity Co. of Elgin, Illinois affords all the usual kinds of insurance

(Individually placed or as a package plan)

Auto and Other Liability
Physical Damage
Ordinary Cargo Cover
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Bailee's Liability Cover
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Motor Carriers Service
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Robert O. Fleming & Co., Inc.
Exchange Building
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Tel. BRidge 1-4320

Minneapolis, Minnesota
American Underwriters, Inc.
Plymouth Building
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Joe Morten & Son, Inc.
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Tel. 4251
Joe Morten, Jr., Pres.

Madison, Wisconsin
Mid-States Underwriters, Inc.
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Tel. ALpine 5-0059
Bert Durand, Mgr.

MID-UNION INDEMNITY COMPANY

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Reinsurers Meet In Monte Carlo, Talk Of Broader Agenda

By L. TYTENS

MONTE CARLO—Reinsurers, insurers interested in reinsurance matters, and brokers met for a week here in what was regarded as a highly successful affair. The official attendance was 485 from 26 countries, which is not quite as many as previously attended when this group met at the same time as International Union of Marine Underwriters. The latter organization this year went to Copenhagen, where accommodations for those attending the two functions were not available.

Quite a number of London brokerage firms were represented but the number of delegates from each firm was smaller this year. Approximately six U. S. brokerage firms had delegates on hand, along with one U. S. insurer and one underwriting organization. This represented a considerably smaller contingent from America.

Last year about 1,000 attended the combined meetings, of which more than 300 could be considered part of the marine underwriting contingent. The Russian foreign insurance department, which maintains reinsurance relations with a number of European insurers, had four representatives on hand.

A canvass of those attending revealed that most of them wanted to return here again next year. Harold Jackson, president of William H. McGee & Co. and high in the councils of international marine insurance, had suggested that the reinsurance contingent and the marine people be at the same place but in two successive weeks. However, this suggestion was not favored by most of those attending the meeting here.

While the prospects of forming an International Reinsurance Union apparently are remote, there was some feeling that the basis of such an organization would be formed if a technical program were prepared and presented. Those interested in this meeting appear inclined to broaden the range of business negotiated at these sessions.

Several technical committees of the Comité d'Assurances and newly formed Assn. of Fire Insurers met while here.

A considerable amount of business was transacted.

Among suggestions for possible technical subjects that could be treated at

future meetings are: What is appropriate net retention for any ceding company?; uniform past loss result statistics; original premium paid by the insurer and the non-loss costs of acquiring the business; if the ceding company's commission to get the business and the commission provided in the treaty are allowed by the reinsurer, should the reinsurance commission be calculated on the gross or net original premium?; a definition of the phrase "to pay as may be paid thereon," or, in French, "suivre la bonne et la mauvaise fortune de la

cedante;" and is a reinsurance treaty a contract of partnership?

Should there be effort to produce a standard treaty wording? What about depreciation of currencies and the effect of this especially on excess of loss treaties? With still unsatisfactory results in motor car and third party liability risks, ceding companies must, for the sake of maintaining their reinsurance cover on the unsatisfactory automobile, part with risks which, from the technical point of view, they could retain for their own account.

Fire Losses Rise 4.6% In August, 6.8% For 8 Months

Fire losses in the U.S. in August amounted to \$78,364,000, a 4.6% increase, according to National Board. Losses for the first eight months total \$706,333,000, an increase of 6.8%.

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RODDA TELLS MUTUAL MEN

As Packages Multiply, Underwriting Will Be Difference Between Success And Failure

As "packages" become more and more complex, underwriting may well mean the difference between company success or failure, according to William H. Rodda, secretary Transportation Insurance Rating Bureau, speaking at the recent sales and agency conference of Conference of Mutual Casualty Companies in Chicago. Sales techniques must be drastically altered and improved, too, Mr. Rodda said, in his comments on what the future holds for multiple line and package policies.



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WITH CONTRACT BONDS NEEDED EVERY INCH OF THE WAY

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Mr. Rodda described how packages are put together, detailed the loss experience of a few of those which have been developed in the past few years, and then attempted to predict what may be expected of packages in the years to come.

Tracing the development of a package, he pointed out that people are conscious of many of the threats to their security—fire, wind, burglary, etc. So, he said, the first step in writing a package is to set down those coverages which the public recognizes that it needs. The second step involves adding coverage which insurance men recognize as being needed. For example, with all kinds of crime flourishing, theft protection is a must in all packages, he said.

Certain coverages which might be desirable—flood being a classic example—cannot be added to a package because an actuarially sound premium would be too high for the insured to pay.

A prime essential of the package is that it have a large potential market. He mentioned specifically the way in which the tenants form was tailored—by the elimination of building coverage—for apartment dwellers. Nor, he said, is one comparatively simple package enough. There must be different packages for different risks. He alluded to the advantages of the personal property floater for the man who travels extensively; the benefits of the personal effects floater for the "non-traveler."

Mr. Rodda, who strongly favors rigid, inflexible packages, believes that it is economically unsound to devise a schedule of charges to cover contingencies not contemplated by the package. Such a schedule grossly increases the cost of the package, and, in a sense, defeats its purpose—that is, doing in one merchandising job what the several separate policies would do. He displayed a number of packages common in drug stores (shaving cream and after-shave lotion, razor and blades, etc.) to demonstrate that the modern merchandizing concept is that to get the package price you must buy the complete package and not its separate portions.

Why are so many exclusions to be found in the packages which have been developed? To bring coverage down to what the average in the group wants and can pay for, Mr. Rodda said. He cited the exclusion in the personal property floater of property on exhibition at fairsgrounds or at expositions. Comparatively few individuals ever have their property so exposed, he stated, and to include this coverage for the few would seriously increase the premium for all.

Turning to the consideration of losses, Mr. Rodda produced figures to refute the charge that packages have been the culprit in recent sorry experience. In 1956, he said, the loss ratio of homeowners business was very good; the real villain was automobile bodily injury liability. This is not to say, he went on, that the loss experience of all packages will continue to be good. Loss patterns change, and when they do rates must be adjusted. He used a number of the extended coverage perils to show just how loss patterns do change. Companies took a shellacking from the terrible windstorms of the last couple of years. Recently an unprecedented number of vehicle damage claims have been reported.

Mr. Rodda feels that insurance is just in the beginning as far as the growth of packages is concerned. It will not be long, he said, before auto-

Aetna Life Organizes Information Department And Promotes Three

Aetna Life has created a new information and education department and formed two advertising departments.

John H. Warner has been promoted to director of the advertising department of Aetna Life, and Robert E. Brown Jr. has been advanced to a similar position in Aetna Casualty. The new department will be headed by Paul B. Cullen, who has been appointed manager of the information and education department of Aetna Life and Aetna Casualty.

The new information and education department will be responsible for coordinating and developing the public relations and public service activities of Aetna Life companies as well as the operations of the news bureau, public education department and motion picture bureau.

Mr. Warner, with Aetna Life since 1934, was named life advertising manager in 1946 and assistant manager of the advertising and publicity department five years ago. Mr. Brown, with Aetna Casualty for 30 years, became superintendent of advertising in 1939 and later was advanced to casualty advertising manager and then to assistant manager of the advertising and publicity department. Mr. Cullen, with Aetna since 1939, headed the news bureau before becoming superintendent of the public education department in 1949.

mobile insurance and then accident and sickness coverage is made a part of the dwelling package. He said that eventually there would be one policy which will provide for the owner of a one-family dwelling all of the coverage except life he wants in one policy.

What kind of challenge does this present? First of all, he said, underwriting must be improved. "Underwriters tend to underestimate the loss potential from a threat they do not understand. This means that one of two things must happen. Either we must develop a small, highly skilled group of jack-of-all-trades underwriters or that underwriting must be diversified as to lines within the package."

Among other things, he went on, this means that companies will have to begin paying underwriters more money. He termed it incongruous that underwriters are underpaid when skillful underwriting means the difference between company success or failure.

Selling and merchandizing techniques must be modernized, too, he stated. "People are attuned these days to monthly installment buying. We cannot buck the merchandizing trend. Eventually, we shall have to start selling insurance on a monthly installment basis," he concluded.

During an extensive question and answer period which followed his talk, Mr. Rodda was asked whether the "divisible" or "indivisible" premium method would be used in the new package which will emerge from the rumored merger of homeowners and CDP. His personal opinion is that at present it seems more likely that the indivisible approach—a la homeowners—will be followed. In answer to the question of whether monthly installment premium plans would lead to "continuous" property policies, Mr. Rodda stated frankly that it seemed likely that at least a few companies would soon begin writing such policies.

We Drive By Our Eyes Through . . .

PART III

Thoughts Of A Layman With Vast Windshield Experience

By WILLIAM P. HENDERSON

The true safety factor of the greater vision found only in wrap-around windshields has received little recognition from insurance people or safe driving experts. It is important for insurance people to know and understand this if they are to evaluate properly the product they insure, and know that product's relationship to safe driving, upon which all the more expensive related coverages are based.

You could learn for yourself by conducting an experiment as I have done. On your present wraparound windshield, black out all the glass area except two 16" x 26" areas found in cars of eight or nine years ago. Then drive this modern car with all the snap 250 horsepower supplies, at average speeds of today, on our crowded highways for one week. Then ask yourself two questions:

—If all the cars on the road had this limited vision, estimate, if you can, how many additional accidents would occur and how much higher insurance costs would have to be.

—Then, in reverse—if all had greater vision what more favorable results could be expected?

If you actually do this you will conclude that wraparounds arrived none too soon for our changing tempo of transportation. Only because a few of you will do this and because it presents an added driving hazard, we will continue to evaluate the benefits of the greater forward vision.

We live by our live senses. The most important, the one essential to the driver of an automobile, is sight. It is common practice to insure a deaf person with the addition of a side view mirror to offset this deficiency, thereby placing an added burden on sight. The key to safe driving is forward vision, simply because that is the direction the car moves. Nearly all accidents are caused by forward movement of at least one car. Because all forward vision must take place

through a windshield it makes this product of great importance.

To understand this, one must understand how the eyes of the driver work behind the steering wheel. In some respects it is very different than when you are at your office, at home, or when you are reading this article. Normally your eyes take about 10 separate photographs a second. Your eyes dart about with considerable movement over a wide area. For example, if you sit down before a picture window, you can see a whole landscape in one picture. It's rather relaxing and enjoyable. If there is a divider between two lights of glass a few feet

from your eyes, you can only force one picture with considerable effort. Your eyes are strained and you soon revert to looking through them one at a time.

When driving a car with a divided windshield, your eyes will not jump the division bar to take in the right view without some effort. In some cars, even some with wraparound windshields, the low hung rear view mirror in your lateral line of vision is a greater obstacle. In either case a car can approach from the right side without being seen, for just a fraction of a second too long, which prevents you from stopping safely. On ap-

proaching an intersection to look out the left vent window requires a voluntary action to turn your head and force your eyes to turn. You lose for that moment most of your forward vision and all of your right side forward vision. With a wraparound vision you have about 15 degrees greater vision to the left and almost 90 degrees to the right, a total of almost one-third of a circle. It is close to the useful peripheral vision in a moving vehicle. It's automatic effortless panoramic vision that means SAFETY in capital letters. Being able to see, not only where you are driving, but what is coming from

(CONTINUED ON PAGE 32)

WRAPAROUND WINDSHIELDS

"...and *that's*
where
Prudential
comes in"

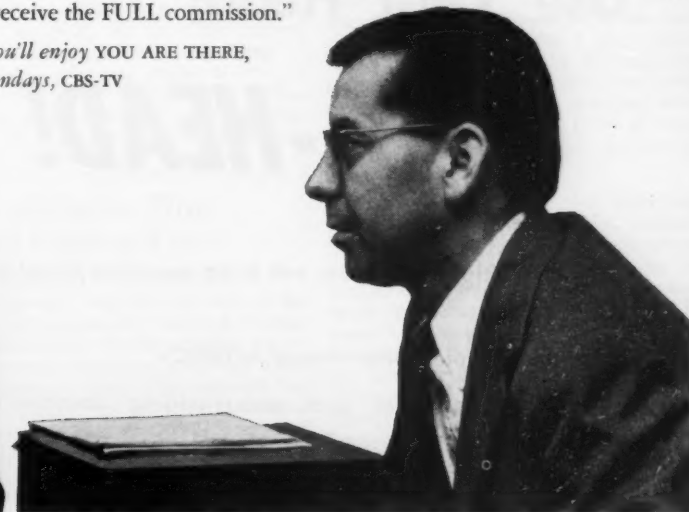


says I. W. Rosenberg (l), C.P.C.U., General Insurance Broker, Chicago, shown here with James T. Ritchie, Jr., C.L.U., Prudential Brokerage Manager.

"Ever since I began to emphasize the importance of business insurance among my general clients, my business has been expanding rapidly. And *that's* where Prudential comes in.

"Prudential's very fine sales aid, THE MOST IMPORTANT BUSINESS DECISION OF YOUR LIFE, has aroused a great deal of interest among my clients... interest that I've been able to turn into sales. Prudential's sales promotion pieces, plus the advice and assistance of Prudential's Brokerage Service, have resulted in more sales for me—AND I receive the FULL commission."

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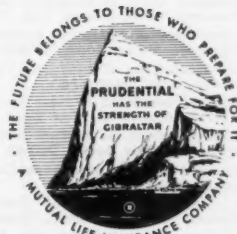
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International Fire Chiefs Commend Hartford Fire's Junior Marshal Program

International Assn. of Fire Chiefs, at its annual conference in New Orleans, adopted a resolution commending Hartford Fire for its junior fire marshal program. The insurer was lauded for its "unselfish contribution to a common interest in preservation and protection of human life from fire."

More than three million junior fire marshals form the largest fire safety brigade in the world. Started in 1947 by Hartford Fire, the program enlists boys and girls in elementary schools throughout the U.S., Canada, Hawaii and the Philippines.

The children learn the fundamentals of fire safety through their own junior fire marshal magazine and a home and school program coordinated by local fire chiefs, parents and teachers.

Convention Dates

- Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pocono Manor inn, Mount Pocono.
- Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.
- Oct. 3-4, Mountain States Assn. of Mutual Insurance Agents, annual, Denver.
- Oct. 3-5, New Mexico Insurers, annual, Hilton hotel, Albuquerque.
- Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs.
- Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.
- Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix.
- Oct. 15, Louisiana Assn. of Insurance Agents, midyear, Bently hotel, Alexandria.
- Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.
- Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.
- Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback Inn, Phoenix.
- Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 20-22, Kansas Assn. of Insurance Agents, annual, Baker hotel, Hutchinson.
- Oct. 20-22, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.
- Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans.
- Oct. 21-23, Insurers of Tennessee, annual, Chattanooga, Read House.
- Oct. 21-22, Insurers of Tennessee, annual, Chattanooga, Read House.
- Oct. 21-23, Individual A&S Insurance Forum of Health Insurance Assn. of America, Baltimore hotel, New York.
- Oct. 21-23, California Assn. of Insurance Agents, annual, Hotel del Coronado, San Diego.
- Oct. 22, Conference of Mutual Casualty Companies, Jung hotel, New Orleans.
- Oct. 22-23, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.
- Oct. 22-24, Wisconsin Assn. of Insurance Agents, Schroeder hotel, Milwaukee.
- Oct. 27-29, Illinois Assn. of Insurance Agents, annual, Pere Marquette hotel, Peoria.
- Oct. 27-29, Missouri Assn. of Insurance Agents, annual, President hotel, Kansas City, Mo.
- Oct. 28-30, Ohio Assn. of Insurance Agents, annual, Commodore Perry hotel, Toledo.
- Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler hotel, Hartford.
- Nov. 7, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.
- Nov. 7-8, Michigan Assn. of Mutual Insurance Agents, annual, Statler hotel, Detroit.
- Nov. 15, American Marine Insurance Clearing House, annual, New York City.
- Nov. 17-19, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
- Nov. 17-20, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
- Nov. 18-19, Illinois Assn. of Mutual Insurance Agents, annual, Orlando hotel, Decatur.
- Nov. 21-22, Casualty Actuarial Society, annual, Sheraton hotel, Philadelphia.
- Nov. 30-Dec. 1, Montana Assn. of Mutual Agents, annual, Northern hotel, Billings.
- Dec. 6, Insurance Accounts Assn., New York hotel, New York City.
- Dec. 11, Eastern Underwriters Assn., annual, Commodore hotel, New York City.

"May I Have A Word With You?"

We opened a new office in Detroit several weeks ago. Production from that section of Michigan is on the up-grade, and we want to do all we can to encourage it even more, naturally.



MR. JONES

Now, Buckeye Union agents from in and around Wayne County have available two claim and two production men to provide them and their clients top-flight service. This is just another progressive step taken by our companies. We intend to continue doing everything possible to assist our agents increase their production. We are doing everything possible to provide them with the best in field and claim service so that they will favor us with even more of their business.

We had a nice meeting at the formal opening of the Detroit office, by the way. All of our agents from the area were invited along with agents of The Mayflower Insurance Company. (Buckeye Union and Mayflower will merge sometime in the future.) The meeting began with a business session. Some of our top people explained our various special contracts and gave many, I think, excellent sales ideas. The session was very well received. This was followed by an informal get-together and a luncheon. Then we all toured the new offices.

I believe everyone had a pretty good time and got a lot out of the meeting. I know I did. It's always a pleasure for me to attend these meetings and see a lot of old friends and, of course, meet new agents. To me, it is inspiring to talk with these high-principled businessmen that represent our companies. No wonder we show an increase in production year after year.

If you're interested in representing our progressive, multiple-line, capital stock companies, I invite you to contact our agency superintendent or our branch office nearest you. We are currently operating in Ohio, Michigan, Indiana, West Virginia, Kentucky and Pennsylvania.

F. E. Jones
PRESIDENT

**BUCKEYE UNION
INSURANCE COMPANIES**

Fire—Casualty

Columbus 16, Ohio

COMMENTS

TRENDS

OBSERVATIONS

National Board Cites 50th Anniversary Of Organized Fire Prevention In U. S.

According to National Board, Fire Prevention Week, Oct. 6-12, will mark the 50th anniversary of organized fire prevention activities in this country.

While no special national celebration is being planned, communities everywhere will emphasize the value of fire prevention work, such as annual fire prevention and safety campaigns, town inspections, engineering surveys of the fire protection facilities of cities, research by insurance companies, and the many and varied contributions by public and private agencies outside the fire insurance business.

Among the oldest organized activities are town inspections. These are community-wide fire safety educational campaigns, usually sponsored by local chambers of commerce and carried out with the technical assistance of local fire prevention associations.

National Board said town inspections originated 50 years ago in the midwest and later spread to the east, south, southwest and west coast, and to Alaska. They represent one of the most popular public services of the capital stock fire insurance business.

About 4,000 have been conducted.

During the next few weeks 34 inspections are scheduled to be held in 21 states. During the year many more town inspections will be conducted.

The widespread growth of town inspections attests their effectiveness, National Board said. Such inspections assist local communities in conserving life and economic resources and stimulate local fire-safety leadership in promoting a continuous program of fire prevention and fire protection.

For instance, since the creation of the fire prevention department of Western Actuarial Bureau in 1922 to act as a clearing house for fire prevention activities in the midwest, some 2,600 towns—482,936 buildings—have been inspected in that area alone by insurance company field men in these campaigns.

A town inspection may begin on a festive note, with a parade, luncheon, contest for fire department demonstration, but the actual inspection is conducted in dead earnest.

Teams of four, consisting usually of an insurance company field man, a fireman, a Boy Scout, and a member of the chamber of commerce or organization sponsoring the inspection, make

the rounds of public buildings and commercial establishments.

Their access to premises is by invitation and their only interest is uncovering fire hazards. These they point out to the owner, then tag with red checks and, before, leaving, instruct him on what corrective measures to take.

The inspection, of course, could not be complete without a follow-up, and this is done voluntarily by the owner, who is asked to report after a few weeks on whether the hazards have been corrected.

Town inspections are usually the result of an invitation to insurance people from the chamber of commerce and the fire department, for the latter's cooperation is essential.

Also cooperating in the work are representatives of the state fire marshal's office, and, of course, Boy Scouts, a selected group of whom are excused from school for the day in order to accompany the inspection teams.

Over 2,000 Boy Scouts participated in town inspections in the midwest last year. Usually they receive special certificates of appreciation from the state fire prevention association. In some instances they time their firemanship merit badge examinations with the town inspection.

In addition, prizes are often awarded to school children participating in various contests. At an Ohio inspection not long ago, the chamber of commerce provided \$200 worth of prizes contributed by the local agents.

There is no record as to who originated the town inspection idea. Ohio
(CONTINUED ON PAGE 34)

Remarks On Value Of Letters As Device For Making Calls

Dwight P. Ely, public relations director of Ohio Farmers, writes:

I was quite interested in your article of Aug. 15 in which you point out that agents who make calls are holding and increasing their business. As a matter of fact, there is an editorial in the August *Rough Notes* along this same line.

One thing I couldn't help notice in both was the entire absence of "calls" made by mail through the use of advertising. I notice that these successful agents make telephone calls and they make personal calls but nothing was said about calls through the use of advertising.

I bring this subject up not to criticize your article or to take issue with what the agents are doing but merely to keep alive the idea which I and no doubt others have that if you depend entirely on foot work or word of mouth work you are not keeping in line with modern American business trends which depend on mass communications through the mail, the newspaper, the radio, TV, etc. It strikes me that it must take a very vigorous and "hungry" agent to do his work in the office and then start out at night to tramp the streets, and it seems to me that advertising can help him. I don't mean to say that the advertising will take the place of the personal contacts but well prepared advertising is a personal contact of its own and ought to be of help, and I wonder why nobody mentions it.

Hail Adjuster Has Good Reason For Occasional Error

A crop-hail adjuster of one of the prominent companies received a letter from his office recently calling attention to a mathematical error he made in adjusting a loss. The adjuster felt the company was entitled to know how the mistake occurred, and sent the following letter of explanation:

It is regrettable that this error of computation was made. But, on a day when it is over 100 degrees temperature in the shade and you are trying to work out the complicated mathematics of a second corn loss; when the farmer is breathing down your neck on one side and the agent is breathing down your neck on the other side; when the perspiration of all three is dripping down to soil your worksheets; when the farmer's friendly dog is trying to lick your hands and face; when the farmer's three small children are crawling around your car, with one trying out your horn intermittently to see how it toots, another going through your glove compartment to see what you have stored away there, and the third cranking your windows up and down to see if they work properly; then, it is understandable that errors sometimes creep into mathematics. Especially if the farmer's daughter walks across the yard in her shorts and halter just about the time you get ready to strike a total.

I have always contended that any agent who maintains constant contact by mail with his prospects or customers telling them about various types of protection which he can offer them can never be accused of "not keeping in touch." I believe this is true even though the advertising at times may not be tailored to the exact local needs of the agent. Actually we could make advertising more and more productive, I think, if we could obtain fuller use of it and then receive from the agent a careful diagnosis of what can be done to improve it. Such a diagnosis, of course, should cover its local impact with due allowances for the profit needs of the company.

Once again permit me to say I am in no way arguing with you, with the agents or with anybody else. This is a desperate matter and I am searching constantly for the right answer.

Wis. Directors Want FP Included In FA Policy

Directors of Wisconsin Assn. of Insurance Agents at a meeting in Milwaukee adopted a resolution urging National Bureau of Casualty Underwriters to incorporate the family protection endorsement into the family auto policy, and that a special policy offering the family endorsement features be made available to non-auto owners.



"THE PRESIDENT SAYS TO CLOSE DOWN UNTIL THE COMPANY CATCHES UP WITH LOSSES."

Wraparound Windshields Provide Greater Vision

(CONTINUED FROM PAGE 13)

a wide angle, has been underrated. Your loss records are filled with reports which say in effect "I didn't see him until it was too late." At just 20 miles per hour you travel 30 feet per second. A split second earlier view will prevent some intersectional accidents. Only a small percent prevented represents an over-all insurance saving.

We have all heard of "highway

hypnosis." It causes many fatal accidents on what are supposed to be the safest roads in the world. Wide one way ribbons of white concrete centered in 600 feet of green carpeted right of way, offer problems. We get sleepy, drowsy, literally hypnotized and have terrible accidents. We are told to sing, play the radio loud, open and close windows, count off miles, take snuff, smoke, take off your right

shoe and when all else fails, rest—stop every 75 miles.

If you pause to think about these recommendations that have had wide publicity, you must admit something is very wrong. Something is lacking. As you think, remember we have only 2,000 miles of these throughways. We will have 41,000 miles of them at a cost \$50 billion. I would like the answer now before you have to start counting. Doing the antics listed above are about as futile as to expect people to wear safety belts. Hundreds of cars equipped with safety belts have driven into our shops and we have yet to see one driver unfasten a belt before getting out—99 times out of 100, they lay dusty and dirty, folded down under the cushion unused for weeks. Highway engineers now build curves in the road, separate the lanes by 50 feet and make them different levels. These things help but we need much more. We will only talk about those that have visual application.

Let's start at the beginning. We drive by our eyes. If you are in doubt about this try a couple of harmless tests. The next time you are driving in heavy traffic, close one eye for a few blocks and through a couple of stop lights. Experience for yourself the feeling of uncertainty. When you are on the open highway, lean to the right and cock your head to the right over your shoulder. You will find it almost impossible to continue in a straight line. Finally, everyone of us have foolishly driven into the sun with a dirty windshield.

We react only to what we see or think we see and because we see more through a wraparound, it's a safety factor. What we see to the extreme right and left is called a streamer pattern. There is very little, if any of our new highways—nothing but a ribbon of white concrete in green grass. It's far worse than a gray sand colored road across the sand desert. The contrast is terrific.

After a few hours our eyes are drawn and focused on the white strip of road centered in the green expanse. We get the same reaction a hypnotist expects when he asks you to stare at a shiny object he sways in front of your eyes. On the highway the car and you gently sway while the road remains stationary. Instead of him whispering "go to sleep," you are lulled away by the gentle purr of the motor and the rhythmic thump of the tires.

As we drive a car, our eyes move about much less. The reason is new scenes are presented as the car moves forward.

We seldom look up at the sun visor or down at the floor mat and the lateral eye movement also reduces. The faster we drive the less the eye movement, as new scenes are presented more rapidly. After a few hours on a super throughway, there

are no new scenes. We find we are staring ahead through the acute area, our eyes focused on the white road until finally the ribbon of highway becomes a white string in the distance.

It is pretty much the same sensation if you were to start at the dot on this page for a full minute. Try it now and have someone hold a watch. It will be a long minute and impossible for an hour. To a small degree it is similar to what we ask our eyes to do on the road.

In this condition the road ahead becomes the dead spot. If a car is slowing down or stopping ahead of us we are suddenly on top of it. We have nothing by which to judge its speed.

We need momentary eye distractions or diversions. In reality they are very short periods of eye rest. They are what we are used to and we can't get along without them. Properly done they also provide what is called a streamer pattern.

We all want beautiful highways but first and foremost we need safe highways. Signs and billboards could be varied and well regulated as safety research provides. For example, it would be folly to erect a huge neon, moving and flashing billboard at a critical point on the highway. We must remember we can look at trees, shrubs and read brief attention-getting billboards without taking our eyes off the road. They are all in our picture window vision. Proof of this is positive. We can glance into a rear view mirror, especially if it has no frame and not lose our effective safe forward vision.

There is a second benefit we automatically get from a streamer pattern. It is the greatest benefit to cure too fast driving on throughways.

When we experience the condition mentioned above, when the road becomes a white string in the distance, we lose all idea of how fast we are going. Even prudent careful drivers find they are constantly going up to 75 mph instead of the legal 65. It is admitted common practice in some areas for state police, instead of issuing tickets, to warn motorists. The large number of tickets required for every violation would force the motorist off the throughways and they can't afford the loss of toll charges.

The main reason for this is because we have little or no streamer pattern on our newest throughways. A streamer pattern is formed by most any object along a highway. The closer it is to the road, the larger in size, the more varied in shape and color the more effective it is. Because it is retained much longer in the panoramic picture vision, a wraparound windshield adds to its effectiveness. As you drive along, a billboard, shrub or tree close to the road seem to rush at you

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Do your prospects come directly from your own effort, ability and imagination and not from office leads, your supervisor, your manager?

Can you show others "how to"?

CAN YOU TELL A CONVINCING SALES STORY?

If you're doing well right now with what you've got, you'll do better with our proven competitive merchandising plans featuring dismemberment—lifetime income—top value income settlement option—and the premium payment plan of the future, Check-O-Matic.

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Do you enjoy competing with others? More important, do you compete with yourself?

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as you get close. They get larger and larger and suddenly vanish from your picture. It is the greatest possible means of controlling your own speed.

The average landlubber riding in a speedboat on smooth open water cannot tell if he is going 20, 35, or 50 mph. Running in a 20 foot canal where there is a streamer pattern to judge by, he will guess very closely.

In simple terms, we need to look at farm houses, fences, red barns, silos, mailboxes, hedgerows and tall trees—yes, even the shadow patterns they cast on the road.

Bulls eyes, half moons and nicks and chips and common type of damage short of outright breakage to a windshield all deal with surface abrasions. All of these, of certain size, occurring in the critical area, the area of the blade arc, call for replacement. The reason is that a windshield wiper blade passes over such a mark 10,000 times per hour. A nick is soon worn in the wiper blade and that creates abraded streaking across your line of vision. We have all experienced in driving long distances on highways, occasions when a bug has hit the windshield. If it occurs in the acute area we do not go too far before cleaning it off. We are apt to shift our seat position to look around it. In the meantime we find ourselves looking at the splatter pattern the bug made. On such occasions we are looking 2 feet away, not 200 or 500 feet down the road where we should. We just can't afford to be looking at the windshield, however briefly, instead of looking through it.

Bulls eyes and half moons are small circular fractures of the outer layer of glass. In the sun and much worse at night with oncoming headlights, they are highly reflective and refractive and cause eyestrain. In the critical area at night with headlights of an oncoming car they can suddenly create the illusion of three headlights. Because it appears suddenly and always at the critical moment passing an oncoming car at combined speed of 90 mph, it can be a frightening and sometimes a disastrous experience. An insurance company again is taking on a huge additional hazard to insure a car with a windshield in such condition.

Cushman Talks To Buyers

New York chapter of American Society of Insurance Management at its September meeting heard W. F. Cushman, vice-president of American Foreign Insurance Association, discuss the potential hazard of earthquakes. He reviewed some of the recent losses that have resulted from such unforeseen natural catastrophes.

Special Workshops To Be Highlight Of HIAA Forum Oct. 22 At N. Y.

A series of five special workshops will be presented Oct. 22 at the individual insurance forum to be held Oct. 21-23 by Health Insurance Assn. of America in the Biltmore hotel at New York. The sessions will run simultaneously from 8 a.m. until noon. Subjects to be covered include guaranteed renewable, non-cancellable, the senior citizens, deductibles and risk selection.

So that all can hear and participate in the discussion, 45 minutes will be devoted to each topic. Under this arrangement, created by the program planning subcommittee of the association's individual insurance committee, 10 discussion leaders will move from room to room.

Discussion leaders are J. M. Wickman, 2nd vice-president of Mutual of New York, and Douglas J. Moe, assistant secretary of U.S. Life, guaranteed renewable; Rodney U. Clark, superintendent of A&S underwriting of

Paul Revere Life, and Jerome M. Powell, president of Loyal Protective Life, non-cancellable; D. B. Alport, vice-president in charge of underwriting of Business Men's Assurance, and James E. Sweeney, staff assistant of Metropolitan Life, senior citizens; E. B. Forsythe, vice-president of Illinois Mutual, and Robert W. Carey, director of personal health insurance of John Hancock, deductibles; Robert S. Schoonmaker Jr., secretary for A&S of Berkshire Life, and William Robotham, assistant secretary of the accident department of Travelers, risk selection.

Dedicate Hamilton Mutual H.O.

Hamilton Mutual of Cincinnati dedicated its new home office building at Madison road and Victory Parkway last Saturday afternoon. The ceremonies, at which a number of agents and prominent Cincinnatians were guests, were followed by a reception and dinner at the Alms Hotel.

Among the guests were Gov. O'Neill of Ohio, Insurance Director Vorys, and Mayor Taft of Cincinnati.

Hamilton Mutual was organized in

1858, and will have a celebration of its 100th anniversary next May 10. For many years the company operated only in Hamilton county, but it now is in several states for fire and allied lines. William H. Brockmann is president and Richard E. Felts is secretary and general manager. Hamilton Mutual merged with Druggists Mutual this year. Mr. Felts was secretary and manager of Druggists Mutual prior to the merger.

Changes At Inter-State Agency

William J. Harris has been made a vice-president of Inter-State general agency of Warren, O., with headquarters at Belle Center. He will service the agents in western Ohio. Mr. Harris previously was vice-president of Central Ohio agency, and before that traveled in the state for Preferred of Grand Rapids.

C. L. Roderick was made manager of the casualty department of Inter-State general agency. He joined the organization at the beginning of the year after having been in the field for Fidelity & Casualty.

Mrs. Pearl Andrika has been made treasurer. She has been in the business for 21 years and has been with Inter-State since it was organized.



START OF A \$30,000 MEMORY LAPSE

Taken over the phone, an order for auto insurance is forgotten in the rush of business. Forgotten, that is, until the client reports an accident. A \$25,000 personal injury suit develops . . . and no policy. The client loses and in turn sues the agent for \$30,000 for his act of omission . . . and this time wins.

It's only human to forget or to slip up now and then. Usually it's not serious, but a small lapse of memory, a seemingly inconsequential error can be ruinous for a professional man.

That's why professional men have a very urgent need for Errors & Omissions coverage . . . with adequate limits. Illinois R. B. Jones has the broad facilities for placing the right amount of E&O quickly and smoothly. Start with a policy for yourself. Call or write today.

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Something better for the business office



ANOTHER OF the new package forms which simplifies the handling of insurance for the business risk is the OFFICE CONTENTS Special Form. Here is a broadened contract which can be written to cover "all risks" of direct physical loss to office contents, including a tenant's interest in improvements and betterments.

For the eligible risk, the Special Form provides all-risk coverage at

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FIRE • CASUALTY • AUTOMOBILE • INLAND MARINE

AMA Sets Program Of Fall Insurance Parley At Chicago

American Management Assn. has scheduled its fall insurance conference for Nov. 13-15 at the Palmer House in Chicago, and will sponsor a series of eight orientation seminars and workshops for buyers beginning Oct. 28 in New York City.

High points of the conference will be a president's panel on "Tomorrow's Insurance Market" and a panel on excess insurance and its impact on risk management. Presidents Henry S. Beers of Aetna Life group, W. H. Burhop of Employers Mutuals of Wau-sau, and A. B. Jackson of St. Paul F.&M. will comprise the market panel. Orville B. Tearney, manager of the corporate insurance division of Inland Steel of Chicago, will be chairman.

The excess insurance panelists will be Fred W. Greenlaw, insurance manager of Kaiser Aluminum; David Palmer, vice-president of Lumley, Den-nant & Co.; Albert J. Ingley, insurance manager of Diamond Alkali Co., and Frederick W. Wrenn, vice-president of Federal.

The remainder of the program will include discussions of trends in employee benefit thinking by Philip H. Peters, vice-president of John Hancock Mutual Life; the new industrial property floater by Joseph F. Murphy, counsel of America Fore, and the growing importance of arbitration in casualty insurance by Wilson C. Jansen, president of Hartford Accident. Two viewpoints on the insuring of company aircraft will be presented by James J. Mitchell, vice-president of Aero Associates at Chicago, and B. W. Nichols, assistant secretary and assistant treasurer of Standard Oil of Ohio. Automobile fleet coverage problems will be discussed by a panel consisting of Edward L. Dilworth, insurance manager of Lever Bros.; B. E. Kelley, insurance manager of U. S. Plywood Corp.; W. H. Flinn, general security manager of Illinois Bell Telephone Co., and Donald G. Vaughan, secretary of Aetna Casualty.

The program of AMA seminars includes atomic hazards, Oct. 28-30, Sheraton Astor hotel, New York; corporate insurance, Oct. 28-30, Dec. 16-18, Jan. 13-15, Sheraton-Astor hotel, New York; employee benefits, and the insurance manager's role in management, Nov. 18-22, Ambassador hotel, Los Angeles; liability & insurance law, Dec. 9-13, Sheraton-Astor hotel, New York; self insurance, risk assumption, and use of excess covers, Dec. 9-13, Sheraton-McAlpin hotel, New York; insurance rates and rating methods, Dec. 16-18, Sheraton-Astor hotel, New York, and general insurance coverage, Jan. 6-8, Roosevelt hotel, New Orleans.

Thruway Service Firm In N. Y. Held To Be Insurer

Accimatic, Inc., has been selling 10 cent emergency highway protection vouchers to travelers on the New York thruway which entitled the holder to emergency service up to \$25 worth of towing, tire changing, etc., for 24 hours.

The New York insurance department has ruled that Accimatic is in the insurance business and must be licensed as an insurer or stop operating. The department acted after Attorney General Lefkowitz ruled that the firm was in the business of insuring.

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FTC Seeks Jurisdiction On Direct Mail Ads In Travelers Health Case

WASHINGTON—Federal Trade Commission has asked eighth circuit court appeals to affirm the FTC cease and desist order against Travelers Health Association of Omaha, which is licensed in Nebraska but sells A&S by mail in all states. FTC claims jurisdiction over direct mail insurance advertising in interstate commerce.

The laws of Nebraska and other states do not regulate the company's mail order business within the meaning of the McCarran act, the commission's brief said. No Nebraska law, including a recent amendment of the model fair trade practice act, can do more than regulate the company's activities within the state. The amended act makes it illegal for a Nebraska insurer to engage in deceptive practices outside the state.

The brief termed "unsound and obviously contrary to law" the company's argument that enactment of the Nebraska statutes had the effect of divesting FTC of its interstate jurisdiction. Although Nebraska could halt false advertising practices or revoke a charter, this is not the type of regulation contemplated by the McCarran act. Nebraska cannot be expected to police the company's activities in other states which, due to the mail order nature of the business, cannot protect their citizens. The federal government is the only government to which people of other states may look for protection.

Noting that a Nebraska department regulation interpreting its statutes had termed Travelers Health advertising deceptive in April, 1956, the FTC brief said there has been no evidence that the department has taken any action against any insurer. While FTC did not base its jurisdiction on failure of state enforcement, there would have been no occasion for the commission to proceed in this case if Nebraska had prohibited the company's advertising practices.

FTC disputed the company's argument that its advertising practices are regulated by other states, too. Even if another state could issue a cease and desist order against Travelers Health, the brief said, the order could not halt the challenged advertising because all the material is mailed from Nebraska.

FTC jurisdiction over mail order advertising acquired from the Federal Trade Commission act has not been divested under the McCarran act by state regulation, the brief concluded.

Cleveland Allstate Agents Reject Union Membership

A National Labor Relations Board regional director has certified in Washington, D. C., that in an election held in Cleveland Aug. 21 among all agents, including sales trainees, regular part-time agents and sales office supervisors of Allstate, 37 votes were cast for Insurance Agents International Union, AFL-CIO; 100 against it.

Cicero Mutual Fire Elects Krohlow

Cicero Mutual Fire of Seymour, Wis., has elected Robert E. Krohlow president to succeed the late Alfred Mueller. Ernest Springstroh has been elected vice-president and Emil F. Gosse secretary-treasurer (reelected).

Gopher 1752 Club has scheduled fall clinics for agents at Marshall Oct. 8, Mankato Oct. 9, and Rochester Oct. 10.

Mass. Actuary Says Insurers Need Higher Rates Than They Ask

Recommendations by insurers writing Massachusetts compulsory auto that surcharges on cars with drivers under 25 be increased were supported by the chief actuary of the insurance department, Milton G. McDonald. He suggested even higher surcharges in some classifications than those proposed by insurers.

Mr. McDonald, testifying in Boston before a special legislative commission investigating automobile insurance rates, agreed with the companies that class 2 cars should be assessed a 100% surcharge above the basic rate. They now pay 55% more. This and other surcharge increases in the under 25 categories were recommended by the companies in requesting an over-all 25.5% rise in 1958 rates.

Mr. McDonald said class 2A cars should pay a 65% surcharge, instead of the present 27½%. The companies proposed a 50% surcharge for this category.

For under 25 drivers with training certificates, the actuary suggested a 40% surcharge. They are now assessed 27½% above the basic rate, and the companies recommend raising it to 35%.

Mr. McDonald also told the commission that his calculations last year indicated a 15% increase in the 1957 rates, and had Commissioner Humphreys followed his figures, the insurers would have had less chance of winning their case in the state supreme court for a 19.6% increase.

He said also there should have been a substantial increase in premiums on commercial vehicles. The commissioner did not allow any increase in this classification and the supreme court did not order a re-evaluation of this group.

The commission later will go over records giving a breakdown of insurer expenses.

Travelers Names Claim Men

Four claim office supervisors have been appointed in the home office of Travelers. They have been in the field, Vernon E. Gery at Worcester, Carl F. Morisse at St. Louis, William H. Niver at Long Beach, and Raymond W. Pettigrew at Peoria.



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Advertising Manager: Raymond J. O'Brien

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BOSTON 10, MASS.—30 Federal St., Rm. 335, Tel. Liberty 2-9229. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz and A. J. Wheeler, Chicago Managers. R. J. Wiegand and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Building, Tel. Amherst 6-2725. Fred L. White, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—513 Lafayette Bldg. Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—3634 N. Rural St. Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John Street, Room 1401, Tel. BEekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St. Room 1037, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—321 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St. Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

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EDITORIAL COMMENT

State Regulation And The Cooney Affair

In view of the testing which the post and personal ability of commissioners is undergoing these days, some of the comments on insurance departments in general and the New Jersey department in particular which Edwin W. Patterson made in his report to Gov. Meyner in connection with the Cooney affair are interesting.

Mr. Patterson, Cardoza professor emeritus of jurisprudence at Columbia university and author of *The Insurance Commissioner in the United States* as well as of *Essentials of Insurance Law*, reviewed the testimony in the case taken by the New Jersey Law Enforcement Council.

Much of Mr. Patterson's findings has been publicized—the fact that there was no evidence of corrupt or wilfully wrongful conduct in the New Jersey department, the need of law changes to enhance the authority of the commissioner in that state, etc. For the most part also, the record absolves the New Jersey department (and inferentially the New York department) for not moving more promptly in the Cooney matter and for not having sooner disclosed to law enforcement officials the alleged embezzlements by Mr. Cooney.

However, here are, in substance, some of the more general conclusions of Mr. Patterson:

It needs to be said at the outset that the insurance bureau accomplished its primary purposes, namely, the protection of the policyholders, present and prospective, of Firemen's and its subsidiaries, against losses due to the insolvency of the insurer and against any violation of the insurance law by the insurer, such as the use of nonpermissible policy forms, the practices of rebating or discrimination and the like.

The history of the development of continuous administrative supervision of the insurance business in the U. S., which dates back about a century, shows that clearly the protection of policyholders against insolvency was the chief objective. The huge annual statement of an insurance company, on a form which has for many decades been substantially drawn up by a committee of National Assn. of Insurance Commissioners, has been almost exclusively a statement of assets and liabilities. The purpose of a regular examination of an insurance company is primarily to verify the balance sheet of assets and liabilities; inquiries into income and disbursements are subordinate. Indeed, it would be, as the council was told several times, wholly impracticable to make a "complete audit" of all items of disbursement at all times, with a full verification of all vouchers for all expenditures.

The detection of embezzlements by an insurer's personnel, while by no means unimportant to insurance department examiners, is primarily a function of company management.

In the instant case the regular examinations of Firemen's disclosed

that, as stated at one point, it has a surplus to policyholders (i.e., capital account plus undivided surplus) of about \$150 million. An unauthorized expenditure or embezzlement of \$300,000 over three years, or even of \$150,000 a year, would not impair the solvency of such a company. Thus far no policyholder of any Loyalty group company has lost a penny by reason of anything done or omitted by any member of the staff of the New Jersey insurance bureau, including its commissioners. If any such loss be sustained, it will be because of the inevitable disclosure of Cooney's alleged misappropriations, augmented by the unfavorable publicity arising from the hearings of the law enforcement council.

(As to one period of delay, Mr. Patterson cites three causes. One of these was examined quite critically by the council.) In view of the probable harm to the reputation of Firemen's and its subsidiaries by bringing a suit or other legal proceeding involving publicity it seemed better to bring pressure on Cooney to resign.

At this point it may be pointed out that all or nearly all of the insurance contracts made by Firemen's and its subsidiaries were by their terms cancellable by the policyholders, who had a right to demand immediate repayment in cash of the premium as yet unearned (less a deduction as shown in the short-rate cancellation table). Even though a company were amply solvent by the balance sheet, it would not, as a going concern, have the liquid assets to meet all of these cash demands. The result would be "a run on the bank." There is experience to show that this is not a fanciful fear.

If Howell and Holz had nothing else to do but worry about the Cooney case, Cooney's removal might have been obtained more promptly. The discharge of a public official's duty should be judged, like that of a public utility, by the relation of his facilities to all the demands made upon them. The present record provides no basis for making such a judgment. Again, the method of cooperation between insurance departments, which has many advantages, does seem to produce some greater delay in making prompt and effective decisions. Yet interstate cooperation, which preserves the functions of our states in the federal system, is well worth the price paid for it.

The record in this investigation contains numerous criticisms and condemnations of insurance bureau officials for not sooner disclosing the facts that they had obtained to the prosecutor, and a pseudo-moral issue has been raised. The real issue is not whether officials should vindicate justice, catch and jail the crook as quickly as possible and let the filthy lucre of policyholders and stockholders go down the drain, or surrender the shining ideals of justice to the need of saving money for stockholders and policyholders. Rather it is, what at

any given time can be most wisely done to attain, as far as possible, both of these ends? A short answer to the criticisms is that the alleged defaulter has resigned, the alleged misappropriation has been restored, and now the alleged defaulter, because of the statute of limitations, has been charged with the misappropriation of only \$264,000, instead of \$300,000. Can he not be sentenced to as long a term for the one as for the other?

It is pertinent to point out that insurance bureau examiners and officials are not maintained primarily to detect crimes outside of those found in the insurance law; yet it must be said that, as citizens at least, they owe a public duty to report to a police officer or prosecutor evidences of the commission of a crime that comes to their attention. At this point one must ask, when did they have enough evidence to call upon them to make such a communication? Not, in my opinion, until January, 1957, when they learned of the restitution of the \$300,000 by Cooney.

The emphasis upon protecting the reputation of an insurance company is generally accepted among insurance department officials as well as insurer's officials. It is a good morale for routine situations, but it must be pointed out that a public official should not, and usually cannot, suppress indefinitely the commission of a serious crime, and that temporary suppressions, while justified by circumstances such as those which existed here, must end some time, no matter what is the damage done to personal or corporate reputations.

One may ask, why did not the officers and directors of Firemen's, when they discovered suspicious circumstances, bring them to the attention of police or prosecutor? The record shows a deferential politeness in examining the company's officers and directors, in notable contrast with the sometimes brutal treatment of the career men of the insurance bureau.

My study of this record has led me to the belief that the members of the staff of the New Jersey insurance bureau are well qualified, conscientious and diligent men who understand their main purpose and the limitations on their powers. They stick conscientiously to reporting facts, and especially to facts ascertainable from documents. Their accountants' training does not seem to qualify them to do detective work, especially when they would have to go outside of documents. This is typical of insurance examiners generally. Permit me to quote from my book, published 30 years ago:

"The insurance departments are primarily organized to deal with (documentary) data. They are not organized to deal with types of conduct which are ascertainable only from non-documentary data."—K.O.F.

Housing Authorities In N. Y. Do Not Have To Get Bids On Coverage

Attorney General Lefkowitz of New York has ruled that no statute bars a public housing authority from purchasing or renewing insurance without public bidding. The opinion makes it clear that the public housing authority, deriving part of its funds from state sources, may negotiate privately for insurance coverage.

PERSONALS

Miss Lucille M. Goggins, vice-president and corporate secretary of R. N. Crawford & Co. agency of Chicago, was the subject of an extensive article in the Chicago *Tribune* last week entitled "A Success in Business, She Lives Graciously." Miss Goggins has been with R. N. Crawford since 1935.

Arthur L. Vorys, Ohio superintendent of insurance, has now become director of insurance by appointment of Gov. O'Neill. The change conforms with the legislative action making the department a separate cabinet position, and Mr. Vorys gets a new title. He has appointed Kiehner Johnson of Columbus, a former assistant attorney-general, as deputy director.

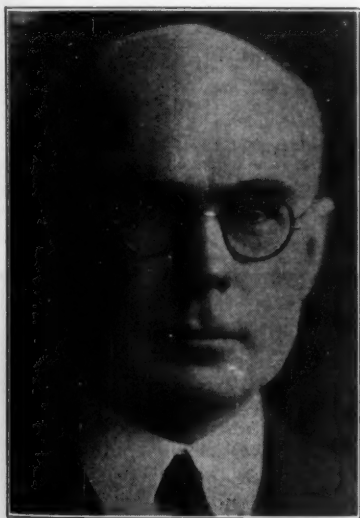
Charles A. Pollock, vice-president of Reinsurance Agency of Chicago, sailed last week for England on behalf of the clients of the agency.

Charles B. Cram, manager of Underwriters Agency of Chicago, has returned from a trip to England, Denmark and Switzerland on which he was checking for markets for the agency.

DEATHS

J. LESTER PARSONS, honorary chairman of Crum & Forster, died in the Beekman-Downtown hospital, New York, a few hours before his 86th birthday. His death brought to a close a 62-year career in insurance.

Mr. Parsons joined North River in an underwriting capacity June 1, 1892. The firm of Crum & Forster, of which



J. LESTER PARSONS

from a photograph of the 1930s

he was a founder and partner, was organized in 1896 when it acquired the New York City agency of Allemania Fire. On incorporation of Crum & Forster in 1907 he became vice-president and director, subsequently advancing to president and chairman. Mr. Parsons had been vice-president, president and chairman of U.S. Fire, North River and Westchester Fire and upon his retirement continued as a director. The scope of Crum & Forster activities which Mr. Parsons directed over the years is indicated by the insurers merged with the companies presently constituting the group: Peter Cooper, New Amsterdam Fire, Nassau, Dutchess, Empire City, Williamsburg City,

Colonial & Guaranty, Union of Buffalo, New York State, City of Sunbury, United American, Delaware, U.S. Merchants & Shippers, Wheeling Fire, Transportation Fire, Allemania Fire, Richmond and Southern Fire.

J. L. Parsons Jr., a son, is a director of the companies. A daughter, Mrs. William C. Ridgeway Jr., is the wife of the president of Crum & Forster.

J. HARRY BEIDLER, 69, resident vice-president at Akron of Buckeye Union group, died. He had been with the companies since 1931 and before that was with Metropolitan Life, Liberty Ins. Co. and in the local agency business. He became branch manager of Buckeye Union at Akron in 1935, and resident vice-president 10 years later. In 1951 Mr. Beidler was elected a director of Buckeye Union Casualty. He had been in insurance for 46 years.

JAMES J. LOULA, 46, safety engineer at Davenport for the Kemper companies, died. He had been with the Kemper group since 1933.

GEORGE F. GRAY, 95, retired president of Ohio Hardware Mutual, died. Mr. Gray organized Ohio Hardware Mutual in 1902 and was secretary and president until he retired in 1942.

LEROY JACOBUS, 67, vice-president of the Henry O. Baker agency of Dover, N. J., died in Dover general hospital after a long illness.

JOHN J. BRADLEY of the Bradley-Tompkins adjustment firm of Detroit, died. He had been suffering from a kidney infection for about a year. Mr. Bradley had been in the adjusting field for 30 years except for a short time in local agency work.

HENRY C. CHAMBERLAIN, 55, secretary of George S. Kausler Ltd., marine general agency of New Orleans, and with the agency for more than 38 years, died at his office there.

JOHN W. NICHOLS, 93, retired secretary of Queen and former president of New York Board, died in Wilmington, Del. He lived at New Castle, Del. He retired in 1941 after 48 years with Queen. As local secretary, he had immediate supervision of New York City and suburban fire underwriting. Active in New York Fire Insurance Exchange, he served as chairman of the rates and rules committee and on his retirement resigned as chairman of the executive committee.

ERNEST R. WARMOTH, 57, vice-president in the underwriting department of State Farm Mutual Automobile, died. He had been in insurance since 1920 when he started as a rating inspector for National Bureau of Casualty Underwriters, and was with several companies before joining State Farm in 1934. He became chief underwriter three years later and vice-president-underwriting in 1954.

CLARENCE VAN MALSEN JR., 32, a partner in the Mapse-De Vileger-Van Malsen agency of Grand Rapids, died after an illness of seven weeks.

FRED G. FUESSEL Jr., 87, state agent in Missouri of Globe & Rutgers for about 15 years until his retirement, died at St. Louis. He started his insurance career in 1894 with St. Louis Board of Fire Underwriters, and then was with St. Louis Fire Prevention Bureau (1899-1903), St. Louis Insurance Agents Assn. (1904-1905), R. J. O. Hunter & Co. general agency of Chicago (1906-1907), German Fire of Pittsburgh (1907-1916), and then for a number of years travelled Missouri for Rhode Island before going with Globe & Rutgers. He was a life member of St. Louis Blue Goose.



PLM Tips and Topics

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7. Is it well known to the public?
8. Are its special agents helpful and cooperative?
9. Is its home office personnel qualified and equipped to give you prompt, efficient service?

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10. Are its policies nonassessable?
11. What is its dividend record?

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New Package Auto Policy Introduced By Holland-America

Holland-America has introduced its "family defender" package auto policy.

Features embodied in the new form are BI and PDL limits of liability on a "loss each occurrence" basis; a "full replacement cost" coverage which will pay insured the total amount he paid for the car at the time he bought it or will replace the car with a brand-new one if it is totally destroyed; uninsured motorist coverage to a limit of \$25,000, including extended medical payment coverage with optional limits, and a single limit combined BI and PDL cover (as well as conventional multiple limits).

Other provisions are: Up to \$25 reimbursement daily for lost wages while testifying as a witness at the company's request; \$200 personal effects cover; \$25 towing and emergency road service, and \$10 per day up to a maximum of \$250 for car rental in case of theft.

The policy has been approved in Missouri, Kansas, Oklahoma, and Arkansas.

Publish New Edition Of Business Interruption Text

The third edition of *Business Interruption Insurance* by Henry C. Klein, retired secretary of New York Underwriters, has been published by Rough Notes Co.

Covering the most recent developments in the business interruption field, including the new "earnings insurance policy form," the book explains the proper policy form to best cover each risk at the lowest cost, and shows how to determine the required amount of insurance. It also discusses rules for all territories of the U. S. and Canada, and tells how to present the coverage to a prospect and answer his objections. Actual losses under each form are illustrated.

Considered the most comprehensive text ever written on the subject, the book sells for \$5, less in quantities. It may be ordered from Rough Notes Co., 1142 North Meridian street, Indianapolis 6, Ind.

Nationwide Mutual To Start Writing Auto In Mich.

Nationwide Mutual will start writing automobile business in Michigan starting Sept. 21. Initially, operations will be conducted through the home office in Columbus, O., under regional sales managers William Picl of Detroit and Horace Donaldson of Grand Rapids.

Toensmeier Adjustment Service of Philadelphia has established a branch in Erie, Pa., and appointed Harry E. Joho manager there. He has for the last five years been a claims representative of Ohio Casualty in the Erie area.

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Record 325 At Loss Managers Parley

(CONTINUED FROM PAGE 7)

education and backgrounds of drafters, the demand for simplicity in forms, insurance tradition, differences between the "all risk" and "named perils" approaches, different approaches in fire and casualty insurance forms, and suggestions of amateur outside critics.

William H. Rodda, secretary Transportation Insurance Rating Bureau, asserted that there is a growing need for adjusters who are willing to ask for help when confronted with a situation outside their experience.

Liability and property loss coverages are being mixed more and more into the same policies, he said. When a loss is assigned to an adjuster it may be unknown whether it is a fire loss, an inland marine loss, or a liability claim. There is increasing need for adjusters who can handle competently all kinds of losses. There is also a need for adjusters who are willing to call for help when something develops that is beyond their experience. When the family doctor uncovers a condition that is beyond his normal experience, if he is a good doctor, he immediately calls in a specialist. To an equal extent the financial health of insurance companies may depend largely upon whether the adjuster and the loss manager recognize the need for specialist attention in adjusting a claim under complicated coverages.

Mr. Rodda listed three developments of the last year that seemed to him to stand out as of major importance to loss managers. These are: The new industrial property form of coverage for manufacturers; promulgation of a new errors and omissions form for mortgagees and organizations servicing mortgages; and the decision given May 8, 1957, by U. S. court of appeals for second circuit in the case of Ruffalo's Trucking Service vs National Ben Franklin.

In this case there was some doubt as to just how the loss occurred, Mr. Rodda said, and the question of burden of proof was an important consideration in determining the liability of the insurance company. It is an established principle of insurance that the insured must prove his loss under the insurance policy. However, during recent years there has developed a feeling on the part of insurance men that the situation is somewhat different under an "all risk" type of coverage. While the burden of proof still remains with the insured to prove

his loss under the policy, it has been felt by many adjusters and loss managers that there is a presumption in favor of the insured unless the company can prove that the loss is excluded under a provision of the policy. This new decision draws a distinction between the coverage provisions and the exclusionary provisions. It seems to follow along with the idea that has been developing that there may be two sides to the burden of proof under an all risks policy. The insured, of course, must prove he had a loss and that it developed from a risk. However, it appears that it is up to the insurer to prove its case if it contends that the loss is excluded under some other provision of the policy. "This emphasizes," he remarked, "the extreme need for careful examination of all claims where the cause of loss may be in any way obscured."

An extended review of recent court decisions involving property coverages was given by Chicago attorney Herbert Hirsh. The role of the independent adjuster was outlined by Joseph Cashin, East Orange, N. J., president of National Assn. of Independent Insurance Adjusters. He urged that property adjusters lose no time in preparing themselves to handle casualty claims, probably by bringing in casualty adjusters to their present fire adjustment offices.

Radiation problems soon to confront the fire adjuster were outlined by J. R. DeHaven, vice-president Employers Mutual Fire of Wausau. He urged that all adjusters become familiar with basic terms and usages of radioactive material. Not all radioactive material necessarily will increase the amount of loss. Some metallic sources, even if directly involved in a fire, would not present the contamination problem of powdered or liquid sources which readily mix with water and easily become airborne. The adjuster

should find out the physical form of the isotope involved as well as the name of the isotope itself.

The conference opened with an address on the positive approach to the problems of insurance by Gordon A. Bubolz, president of Home Mutual, who urged that the importance of the individual in the company not be lost sight of if operations are to be continued upon an effective basis.

Workshop presentations upon determination of dwelling replacement

costs, jewelry and fur losses, and dwelling coverage problems were features of several sessions. Replacement costs determination was analyzed by William Cleminshaw, managing partner of the Cleveland appraisal firm of J. M. Cleminshaw Co. The jewelry and fur loss discussions were led by three Chicagoans—jeweler George A. Arbogast of Arbogast & Holdorf, Irwin Ware of Irmasam Furs, and E. B. Cregier of Toplis & Harding, Wagner & Glidden.

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you look at it...*



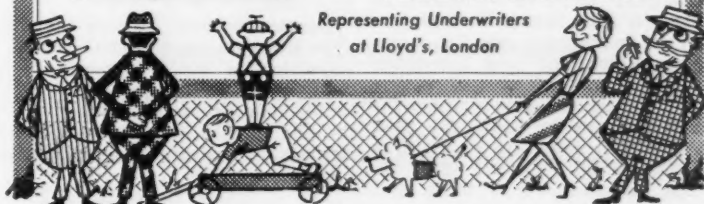
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ACCIDENT & SICKNESS

Accidents Took 95,000 Lives And Disabled 9.5 Million People In 1956

Last year's toll of 95,000 deaths and 9.5 million non-fatal injuries as a result of accidents cost the people of this country an estimated \$11 billion, making accidents a major social and economic problem in the U. S., according to Louis I. Dublin, consultant on health and welfare for Institute of Life Insurance and formerly a Metropolitan Life vice-president.

The 95,000 deaths, 350,000 permanent injuries and the more serious of the 9,150,000 temporary total disabilities disrupted family life on a large scale by cutting off income and by producing many widows, orphans and cripples, Mr. Dublin said. Of 44 countries checked, 38 have lower accident rates than the U. S., a few of them running about half this country's rate.

The first fact that stands out in an analysis of the accident situation is the ever-increasing significance of the deaths and injuries resulting from the use of motor vehicles. Automobile accidents last year rose to a high mark, with 40,000 deaths and 1.4 million injuries. Nearly 18 million drivers were involved in motor vehicle mishaps and 1.7 million were involved in accidents injuring someone. While other forms of accidents have been declining over recent decades, motor vehicle accidents appear to have stabilized at their recent high levels, he said.

Next in importance are the home accidents which last year accounted for 28,000 deaths and 4.2 million disabling injuries. A great variety of mishaps occur in the home, the most important being falls, fire burns, firearms and poisonings. Since 1940, the rate has declined over a third, and last year's fatalities were the smallest of any of the 29 years for which figures are available.

Even more promising has been the record in work accidents. For more than three decades, industry, aided by National Safety Council and many life and casualty companies, has organized itself for the study of the causes of accidents within the workshop and factory. Since 1940, the reduction in rate of fatal work accidents has been over 30%, despite the marked increase in employment, the greater complexity of machinery and the need for speed-up to meet the requirements of the recent war and the national defense efforts.

Mr. Dublin noted that the rate of decline has been much greater among the industrial members of National Safety Council than in industry in general. However, a total of 14,300 deaths and 2 million injuries were recorded among those at work last year. The largest number of fatalities was in agriculture and the construction industries, suggesting two specific areas for intensified accident prevention work.

Accidents, both fatal and non-fatal, are heavily concentrated in the childhood and early adult years, as well as in post-retirement. But there has been no improvement in the past 50 years in the accident rate in the 15 to 25 age period. In the childhood years, accidents constitute the leading cause of death. This continues to be true up to age 25. The years 15 to 25 are the most dangerous.

Hospital And Surgical Coverages Have Grown Faster In Three Years

In an analysis of trends in voluntary health insurance in the U. S. in the last six years, Health Insurance Institute reports that the rate of growth of hospital and surgical coverages has risen markedly in the past three years.

According to figures supplied by insurance companies, there were 66.3 million persons covered for hospital expenses at the end of 1956 under individual and family contracts and group programs, a 79% increase over the 1950 total of 37 million.

A closer examination of this growth trend in the last three years shows a constantly faster rate of expansion in hospital expense protection. In 1954, there was an increase of 5.9% over 1953 in the number of people covered. The percentage gain in 1955 over 1954 was 7.9%, while the rate of growth in 1956 over 1955 was 11.1%.

Surgical expense insurance covered 63 million persons in 1956. Compared with the 1950 total of 33 million, the 6-year growth rate was 91%.

As with hospital expense, the yearly increase in the number of surgical expense policyholders has accelerated in the last three years. The growth rate in 1954 was 4.6% over 1953. The 1955 increase was 7.3% over 1954, while 1956 recorded a rise of 11.2% over 1955.

Regular medical expense insurance experienced a phenomenal period of expansion in the 6-year period, according to the institute. It rose 281% in the number of people covered. By the end of 1956, there were 29.8 million persons covered, compared with 7.8 million in 1950.

The coverage increased 12.9% in 1954 over 1953, 20.8% in 1955 over 1954, and 18.9% in 1956 over 1955.

Major medical outpaced all other A&S forms in rate of growth. At the end of 1952, when the first accurate records were available, there were 689,000 major medical policyholders. In the four years since, it rose at the rate of 1,188% to a total of 8.9 million persons. A recent estimate by Health Insurance Council placed the coverage at more than 10 million, as of May 1.

HIAA Offers Copies Of Ethical Standards Code

Health Insurance Assn. of America has published its code of ethical standards in leaflet form and is distributing it to members. The code, unanimously approved by the association at its annual meeting last May in Washington, D. C., lists nine specific points governing the sale, administration and advertising of voluntary health insurance. It has become a strict condition of membership. Additional copies may be obtained from HIAA, 208 South La Salle street, Chicago 4, Ill.

Cincinnatians Hear Talk On Hospital Costs, Insurance

Richard W. Angert, vice-president of sales of Inter-Ocean, told the Cincinnati Assn. of A&H Underwriters at its September meeting that hospital costs have risen, but more people are living today and living longer because of these costs. He discussed "How Long Hospitalization," and as a vice-presi-

dent of Deaconess hospital in Cincinnati, he had access to first-hand information.

Blue Cross is not insurance, in his opinion. He looks at it as hospitalization prepayment. "Whether you agree with this system or not, it has developed a claim ratio in Cincinnati of 92%," he declared. It has its advantages over insurance. It does not have competition in most cases, it pays no commission—but it does pay its officers nice salaries.

"The broad coverage we are giving in hospitalization policies is one of our problems," he said. He suggested more scheduling of expenses as one approach; also coinsurance, and some limiting factor so that the hospital would not keep a patient unnecessarily long. Major medical is probably the answer. "I don't see any reason under the sun why maternity should be under a hospitalization policy. Under Blue Cross, you can justify it because it is a prepayment plan."

E. E. Ballard, president of All-American Life & Casualty, is the scheduled speaker for the next meeting Oct. 25.

N. Y. Seeks Criteria For DBL Filings; To Send Out Questionnaire

New York insurance department will send a questionnaire to all insurers writing state disability benefits coverage to determine what criteria should be established for future filings.

The decision to draw up and distribute the questionnaire was made at a 2-hour meeting of department and industry representatives at the New York offices. Charles C. Dubuar, chief actuary of the department, presided.

Replies received in the questionnaires will be the basis for further study of the matter. The insurers will explain their present procedures and make suggestions for changes and improvements. No conclusions were reached at the recent meeting, but insurers may submit statements to the department by November.

See A&S Policyholders Rising To 123 Million

Health Insurance Institute predicts that 123 million persons in the U. S. will be voluntary health insurance policyholders by year-end. This is 75% of the total population.

An estimate of the year's national totals for the various coverages places surgical policyholders at 109 million, regular medical policyholders at 74 million, major medical policyholders at 13 million, loss of income policyholders at 43 million and hospital policyholders at 123 million.

Insurance companies, Blue Cross and miscellaneous plans this year will pay benefits totaling an estimated \$4.2 billion, up \$600 million.

Mutual Of Omaha Sets Up Rehabilitation Unit

Mutual Benefit H.&A. has set up a rehabilitation division to assist disabled policyholders to return to a productive life. Roger McGargill is in charge of the new division, which will utilize the facilities of state rehabilitation departments. An additional function of the new division will be to keep the company informed of trends and progress in medicine and research as they apply to insurance.

Mr. McGargill has been with Mutual of Omaha since 1942 in the claim and legal departments.

Eastern Wisconsin A.&H. Men Meet
Robert A. Collien, assistant secretary-treasurer of First National Casualty, discussed company-agent relations and sales practices in the field at the first fall meeting of Eastern

Wisconsin A&H Underwriters Assn. at Fond du Lac. William Bormann, Fond du Lac, new president, presented Leading Producers Round Table certificates to three members.

FIELD

Central Mutual Of Ohio Makes Several Changes

Central Mutual of Van Wert, O. has made several field appointments.

Leonard C. Leen has been appointed as special agent in Maine and New Hampshire, replacing Edward J. Schell who has been transferred to Vermont and western Massachusetts. Mr. Leen has been in the eastern Massachusetts field for Employers Liability group.

Arthur S. Gay Jr. has joined Central Mutual as special agent for northeastern Massachusetts. Mr. Gay is secretary-treasurer of the Boston CPCU chapter and a faculty member of Boston university. He has been in the business for nine years in an underwriting capacity.

In the Minnesota and North and South Dakota territories, Leslie C. Wedge has been appointed special agent. He has had 10 years in insurance, including agency work. He has been in the local agency business and has graduated from the casualty special training course of Travelers.

Central Mutual has appointed five other special agents. The field men and their assigned territories are: Roy Carter, southern California; Lee F. Brinkley Jr., South Carolina; Marvin E. Harris, Alabama; Richard E. Hoge, northeast Ohio, and Cletis E. Myser, eastern Michigan.

American Mutual Fire Names Houser In Fla.

American Mutual Fire has appointed Mark W. Houser Jr. special agent in Florida to service all of the state outside of Martin, St. Lucie, Broward, Moore, Palm Beach, Indian River and Dade counties. He has been with Central Mutual.

Great American Appoints Friedell Texas Special

Great American has appointed Richard E. Friedell special agent in north and east Texas, with offices in the southwest department at Dallas. Formerly in the home office, he transferred to Dallas as an underwriter when that office was opened.

Two Named To Ohio Field

Kenneth Leach has been assigned as special agent of Celina Mutual and National Mutual at Toledo, and Bruce M. Campbell has been appointed special agent at Bucyrus.

Kansas Fire Underwriters Assn. will meet Oct. 2 at Topeka to hear a talk by Ben M. Butler, general manager of Western Adjustment.

American Surety Directors

Randolph E. Brown, Edward W. Willard and Frank H. Blair have been elected trustees of American Surety. Mr. Brown is executive vice-president of the company. Mr. Willard is managing partner of Boettcher & Co. of Denver. Mr. Blair is chairman of Mount Olive & Staunton Coal Co. of St. Louis.

Name Peglow At Philadelphia

Burton A. Peglow has been appointed Philadelphia regional manager of Lumbermens Mutual Casualty and American Motorists. He joined the Kemper group in 1956 as district manager.

Sees Need To Act On Fire Rates At Once

B. C. Vine, executive vice-president of Millers Mutual of Alton, Ill., writes: Congratulations on the views expressed in the editorial, "Time To Act On Rates Is Now," which appeared in THE NATIONAL UNDERWRITER July 25, and thanks for speaking out on this matter.

After 20 years of an unbroken pattern of rate reductions in the fire insurance industry, the companies are certainly entitled to some much needed relief in the face of rising loss ratios from both wind and fire hazards, as well as continuing inflation.

I am hopeful your forthright statement will hasten action on warranted and justified rate increases.

Installment Covers Are Studied At N.Y. Hearing

(CONTINUED FROM PAGE 4)

tomobile physical damage insurance are avoided and yet the savings are not passed on to the consumer. He said that one way was for the dealer to sell the retail installment contract to a national sales finance company having an affiliated or captive insurer which writes the coverage without having to pay the usual 20% agent's commissions. Another way, he said, is for the dealer to sell the contract to a sales finance company which places the coverage in an insurer writing at deviated rates, which may be as much as 20% off manual.

Speaking for agents were George A. Kramer Jr. of Williston Park, chairman of New York State Assn. of Insurance Agents automobile committee, and Roderick L. Geer of Syracuse, executive secretary of Mutual Agents Assn. of New York State. Mr. Kramer criticized the practice of allowing automobile salesmen and dealers to sell insurance. This opposition by the agents is not aimed at suppressing competition, he said, but at incompetent people selling insurance without being licensed by the state. They "victimize" insurance buyers who licensed agents try to serve, he said.

Mr. Geer also alleged there were abuses in financed auto insuring. He cited as examples collision misclassification of risk, overcharges, loading the contract, high interest rates, and outright coercion of car buyers by dealers who make their insurance plan mandatory in the sales contract.

On the subject of bait advertising, S. Arnold Witte, counsel of Commerce & Industry Assn. of New York, said it should be made a penal offense. Defined by Attorney General Lefkowitz, who also spoke on the practice, bait advertising is a form of advertising connived with the deliberate intention of not selling the merchandise or services offered at the price advertised. Consumer response is all that is desired, he said. After this, every effort is made to shift the consumer to purchasing a more expensive item.

Others appearing before the committee during its one-day session were Nelson K. Mintz, president of New York State Automobile Dealers; J. Andrew Painter, vice-president of First National City Bank of New York and installment credit committee chairman of New York State Bankers Assn.; Hugh R. Jackson, president of Better Business Bureau of New York City; William R. Brennan, deputy superintendent of banks, and Clifford A. Allanson, executive director of New York State Council of Retail Merchants.

Hartford Steam Boiler Makes Several Changes

Hartford Steam Boiler has appointed F. S. Campbell manager at Los Angeles. Transferring from Chicago, he succeeds Seymour E. Nutt, who is retiring after 33 years with the company. Mr. Nutt was named manager at Los Angeles in 1942, when the office was opened.

The company has appointed Robert W. LeMeilleur, who has been manager at St. Louis, manager at Chicago. Emmet J. Brennan replaces him at St. Louis. Mr. Brennan joined the company as a special agent at St. Louis in 1949, and was advanced to supervising special agent there in 1955.

Also, in an exchange of present assignments, N. R. Davis becomes manager at San Francisco, and D. H. Tester succeeds him as manager at Pittsburgh.

Elect Two Secretaries Of Springfield F.&M.

Springfield F.&M. has advanced Assistant Secretaries Kenneth R. Spaulding and James F. Lawsing Jr. to secretaries.

Mr. Spaulding has been with the company since 1928. He has served in various underwriting departments and as assistant superintendent and superintendent of inland marine. In 1955 he was elected assistant secretary in charge of inland marine in the eastern department. Mr. Lawsing joined the company as manager of the automobile department in 1955 and was elected an assistant secretary later that year.

Jackson Joins Allston, New York Ad Agency

Francis M. Jackson has joined Allston Associates, New York advertising and public relations firm specializing in insurance, as account executive.

He formerly was advertising and regional production manager of Phoenix of London group after serving as a field representative several years.

In World War II, he was production manager of the European edition of Stars & Stripes. Previously he was with the advertising and publicity department of Aetna Casualty for 10 years.

Fire Assn. Maintained Headquarters At NAIA

In a list of companies which maintained hospitality suites during the convention of National Assn. of Insurance Agents in Chicago, the name of Fire Association was inadvertently omitted. That company maintained its usual headquarters, with George V. Whitford, vice-president, and H. J. Noyes, Madison, playing hosts.

Wilson Heads Insurance Unit Of AMA; Elect Jacobus

Frazier Wilson, manager of the insurance division of United Airlines, has been elected vice-president in charge of the insurance division of American Management Assn. Roy L. Jacobus, manager of the insurance and pension department of Ford Motor Co., was elected a director of AMA.

Broome County (N.Y.) Assn. of Insurance Agents heard John Comstock, special agent of Springfield F.&M., discuss fire and fire prevention at the September meeting in Binghamton.

The Alamogordo, N. M., office of General Adjustment Bureau has been moved to 210 9th street.



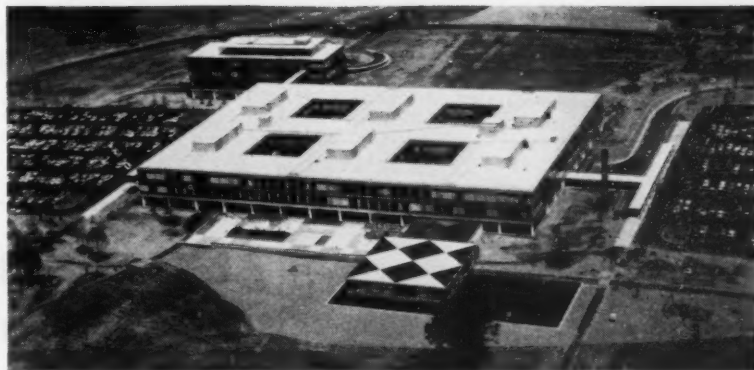
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Mich. Agents Hold Restful Convention On Mackinac Island; Support NAIA Ad Plans

By JOHN C. BURRIDGE

The annual convention of Michigan Assn. of Insurance Agents was conducted last week in the restful confines of the Grand Hotel on Mackinac Island. The program, consisting of two sessions of brief duration, was carried out over a two-day period and in such a manner as to keep a good many of the more than 400 who attended on the island for a third day of relaxation.

The association has given up even the pretense of attempting to conduct serious business sessions when it visits Mackinac Island. The agents go there about every four years, and it is a great occasion for the ladies. However, not too large a percentage of the membership is actually represented, and it is not contemplated that momentous undertakings will be begun during

contribution from the Grand Ledge association.

Company headquarters were not abundant. Some of the companies that have been making appearances at Michigan meetings with regularity were missing this time, but the list of headquarters at the registration desk was made to look somewhat larger than reality by the mention of more than one of the members of groups. Still, there were enough hospitality rooms to go around. No one had to feel neglected at this highly companionable gathering.

Even the secretary-manager, the indomitable Waldo O. Hildebrand, was able to gather a measure of relaxation at Mackinac Island. At the regular Michigan meetings, Mr. Hildebrand is the original man in motion, handling the constant crises that swamp the person trying to see to the functioning in every detail of a meeting for 800 or 900 persons. There was one major crisis at this convention, which Mr. Hildebrand and his assistant, Jack Butterick, handled with aplomb, that being the discovery at the last minute that the projector on which the NAIA ad program was to be presented was not suitable for the film strip. Had Mr. Hildebrand been unable to pull a new projector out of the hat by having it flown in from Lansing after making calls throughout the state on a Sunday afternoon, one-half of the entire program would have gone down the drain.

About half the conventioners made their appearance on Sunday, so as to be on hand for the registration Monday morning. Also scheduled for Monday morning were meetings of the executive committee, the budget and finance committee, the public relations planning committee and the automobile committee of the Detroit association. All of these groups then got together for a joint meeting and luncheon prior to the first general session Monday afternoon.

Mr. Schirmer was in charge of the first general session. Commissioner Joseph A. Navarre was asked to take a bow, and took the opportunity to remark that the agents in Michigan should be grateful for the type of leadership they have. The agents' association is doing voluntarily what is essential to the American way of life. Mr. Navarre said, pointing out that through their self-imposed rules they lead the way for others. He added that in his belief Mr. Hildebrand is one of the most "outstanding, useful and valuable men in the insurance business."

Mr. Navarre added that the companies must make a profit by means of an adequate rate. If rates have to be increased, the agents have the job of making it known that it is necessary to have more money as part of the free enterprise system. Agents must tell this story in support of the business which supports them, he declared.

In his report as treasurer, Archie E. Barnich of Cheboygan said the association operated within its budget last year. He commented that more members are paying their dues according to premium volume rather than on a minimum basis.

Mr. Hildebrand took charge of the advertising session, and remarked that this is the sort of program the agents



P. D. Worgess, father of the new president of Michigan Assn. of Insurance Agents; W. O. Hildebrand, the association's secretary-manager; Russell V. Worgess, the new president, and his brother, Donald R. Worgess. All the Worgesses are members of the Worgess agency of Battle Creek.



Robert G. Schirmer, Saginaw, the retiring president of Michigan Assn. of Insurance Agents, with Mrs. Schirmer and Commissioner Joseph A. Navarre of Michigan.

what amounts to a group vacation. Michigan is, however, one of the few states still conducting two meetings a year, so the agents get their full quota of this type of association activity.

There were two items of significance on the program—the presentation of the national association's \$2 million advertising campaign, and the election of officers. There were some regrets that the advertising presentation had to be made at a meeting attended by less than a quarter of the dues-paying members, but it is likely this will be compensated for in the form of regional meetings. Michigan enthusiastically endorsed the NAIA advertising program in a unanimous resolution, and Stuart W. Doty of Grand Ledge got the ball rolling by presenting President Robert G. Schirmer a check representing a 100%



Gerry Fauth of Flint, a past president of the Michigan association, picking up his credentials at Mackinac from Marjorie Mohlenhoff of the association staff.



Mrs. Harold Rammler; Carl L. Strong who heads the insurance education division at Michigan State; Mrs. Strong, and Harold Rammler of Monroe.



Mrs. E. T. Easton of Muskegon; Archie Barnich of Cheboygan new vice-president of the Michigan association; Fred Oliver, Detroit manager of Zurich; Mrs. Barnich, and Richard Amluxen, Grand Rapids manager of Zurich.

have wanted. There is no guarantee of results, he said, but it is worth trying and paying for, especially in such a modest amount as is being asked. The agents have to take their share of the responsibility in this matter.

Frank Gossinger of Detroit narrated the slide film, with Jack Butterick at the controls of the projector, assisted by Carl Strong, head of the insurance education division at Michigan State University.

Nearly all those attending the

Mackinac meeting were familiar at least with the outline of the NAIA program, and the support for it was unanimous. Mr. Hildebrand explained that bulletins will be issued even on a weekly basis as the fund raising campaign gets going. He remarked that getting the first 40 to 50% of the contributions is fairly easy, with the next 30 to 40% somewhat harder, and the remainder the real problem.

A description of the activities and purposes of Michigan Insurance In-

formation Service, originally scheduled to be given the second afternoon, was added to the Monday session. Lee Matthews, who heads MIIS, explained that the organization has 12 members, all domestic casualty insurers, who decided to put their public relations into focus through a single agency.

MIIS is not a lobby or an authoritative organization on the insurance business, but a clearing house, Mr. Matthews explained. Neither is it a safety organization, although it promotes safety heartily. The idea of MIIS is to help the Michigan public understand the casualty insurance business and the intimate relationship the public has to it. In Michigan, Mr. Matthews said, the first objective is automobile insurance, and in this field MIIS has developed the "Careful, Pardner" program, which stresses the relationship of losses to insurance costs. The organization also has a speakers bureau and so far nearly 100 talks have been booked on the subject of "Careful, Pardner."

Another function of MIIS is to act as a forum for the Michigan companies and as liaison for them with other trade associations in the state. Mr. Matthews said MIIS has put the insurers on the road toward explaining the broad, basic principals of insurance.

At the Tuesday general session, the features were a talk by L. A. Rubin, executive secretary of the Mackinac Bridge Authority; the report of the conference committee by M. Frank McCaffrey of Detroit, and action on



Mrs. Russell Worgess; Mrs. P. D. Worgess, and Mrs. Donald Worgess.

the nominating committee report as presented by Chris A. Tucker of Battle Creek.

The Straits of Mackinac bridge is east of Mackinac Island and the whole outline of the world's longest suspension bridge can be seen from the world's longest front porch, that of the Grand Hotel. Opening day is scheduled for Nov. 1, at which time the authority will begin to collect tolls roughly equivalent to the present ferry charges. The bridge is well enough along so that the wife of one of the construction workers was able to claim the distinction of being the first to use the bridge from shore to shore and she did it without paying any toll, probably the only time this will be accomplished.

Mr. Rubin's talk went into some of



John E. Youd of Wyandotte, Stuart W. Doty of Grand Ledge, and Roy L. Davis, midwest manager of Assn. of Casualty & Surety Companies.

the history of the plans over the years to construct a bridge across the straits and link the separate parts of Michigan. The plans for such an achievement were made in one form or another for nearly 100 years, he said, but the considerations of economic feasibility and the problems of practical engineering stood in the way until recently. The wind, the currents in

(CONTINUED ON PAGE 33)

Russell Worgess Is New President Of Michigan Agents

Russell V. Worgess of Battle Creek was elected the new president of Michigan Assn. of Insurance Agents at the concluding business session of the annual convention last week on Mackinac Island. He succeeds Robert G. Schirmer of Saginaw.

The new vice-president is Archie E. Barnich of Cheboygan, who moves up from treasurer and is replaced in that position by William T. Dobson of Ann Arbor.

New members of the executive committee are William J. Mundus of Ann Arbor and Lawrence K. Bell of St. Joseph.

M. Frank McCaffrey of Detroit is state director, and W. O. Hildebrand is secretary-manager.

Schirmer Reports On Year Of Progress For Michigan Assn.

Because competitors lie awake nights making up devices to promote their welfare is no reason why local agents should not work with time-proven tools offered them by the "backbone of the industry, the reliable agency companies who have withstood the test of time, wars, conflagrations and inflation," President Robert G. Schirmer said in his administrative address at the annual meeting of Michigan Assn. of Insurance Agents. The answer to the continued prosperity and progress of the agency system, he declared, lies in the efforts of the local agents will make in their own behalf.

The principal object of the Michigan association is to preserve the agents' independence and establish the members as those distributing quality insurance, Mr. Schirmer said, adding: "It follows that we owe our allegiance to those companies which sustain us in that objective." He cautioned the agents to review their companies and make doubly sure they are selling quality and do not have to apologize sometime later for "misplacement" of insurance on behalf of a good account.

Reviewing activities of the associations over the last year, Mr. Schirmer said the most notable was the distribution of table place mats in cooperation with the state police in an effort to drive home the safety message. For this, the Michigan association was commended by the legislature in a resolution, a recognition that Mr. Schirmer said he believes to be unique for an agents' association.

The association subsidized the distribution of two million of these table place mats, and the program is going to continue with Road Aid as the sponsor.

The agents are still plagued by the existence of the ambiguous opinion of the attorney general concerning placement of public business by local associations. Mr. Schirmer said the matter has been discussed repeatedly with association counsel, who continues to believe the opinion does not and cannot forbid the placement of public business by local associations if it is conducted in the manner set forth in an association bulletin of several months' standing.

Touching on the compulsory automobile situation, Mr. Schirmer said the future plans for combatting it look a little more difficult as segments of the business are dividing what was once a unified front. The governor's commission studying the problem came in for some caustic remarks, Mr. Schirmer observing that: "Thus far it appears about the only thing that some of the commission members intend to study is how best to thrust a governmental plan upon the insurance business."

School insurance rates were reduced within the last 12 months in Michigan and a detailed explanation of the changes was sent to the committee of Michigan Assn. of Public School Business Officials most interested. The insurance committee of this organization is continuing to gather statistics, Mr. Schirmer reported, not only on fire, but for all forms of casualty. He said it looks as though there will be continued agitation from this committee, although in many areas of the state the school and other municipal officials are satisfied they are obtaining quality coverage, excellent service and at equitable rates.

Seated: Robert Elliott of South Haven, Mrs. Elliott, and John P. Old Jr. of Sault Ste. Marie. Standing are Carl Bruce of Zurich at Grand Rapids and William Pollard of the U.S. head office of Zurich.



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McConnell Comments On Rate Making Methods

(CONTINUED FROM PAGE 5)

and if so what and why, and what standards govern adjustments?

—Does the rating bureau have a rating formula?

—Should any rating bureau not now using a rating formula be required to establish and use one?

—What are the components of rating formulas now in use?

—How frequently does the bureau review and revise rate levels and is this often enough?

—Have the rating bureaus adjusted their rating procedures to the fact that in 10 years of profitable operation the federal tax collector takes most of the profit which formerly was used to build up surplus in preparation for adverse experience?

—Is it desirable, and if so is legislation needed in some states, to require that all admitted insurers be either members or subscribers of rating bureaus in order that the expenses be apportioned on any equitable basis?

—Do any bureaus use net premiums instead of direct premiums, and if so should the procedure be changed?

—Does the bureau use only stock company premiums or losses or both stock and mutual?

—Is the construction cost index the best trend factor in fire and allied line rate making?

Mr. McConnell said he was in agreement with what Commissioner Sullivan of Washington said about commissions—that they are matters of private contract and not subject to regulation by the insurance commissioners. "But, there is a corollary to that," he observed. "The fact that they are not subject to regulation does not mean that they are not matters of interest to rating bureaus, to insurance commissioners, to everybody in our insurance world; and so, discussion of that matter cannot be foreclosed."

The insurance expense exhibit prescribed by NAIC and filed by all companies gives a detailed itemization of all kinds of expenses of insurers. There are 21 items and none are taboo. Statements are public information and the data is that which rating bureaus must have to perform their functions and it is information the insurance commissioners must have to perform their functions.

On the subject of rate filings, Mr. McConnell said in his opinion it is the duty of a commissioner to be in close touch with the rating bureaus as they function, to attend governing committee meetings and rating committee meetings when there is an opportunity, thus emphasizing public confidence and the public nature of the business. A commissioner should not be surprised by a filing of the rate adjustment either upward or downward, he added, since he should be in continuous consultation with the people who are doing the work and have the advantage of their thinking.

Refuse To Dismiss Test Suit On Mo. Policy Law

Circuit court at Kansas City has overruled a motion to dismiss a test suit arising from the May 20 tornado at suburban Ruskin Heights. The suit was brought by John F. Tignor against Anchor Casualty and Prudential, holding that under Missouri's valued policy law Anchor Casualty is required to pay under extended coverage the face amount of the policy (\$14,650) less any depreciation. Anchor Casualty argues that the loss formula should be replacement cost.

So. Cal. Buyers Hold Conference At L.A.

LOS ANGELES—Problems confronting insurance buying by large industrial and financial insured were discussed at the second annual conference of southern California chapter of American Society of Insurance Management, with more than 300 buyers, agents and brokers in attendance. Subjects covered included trends in group insurance plans, liability and workmen's compensation.

Dr. Michael T. Wermel, California Institute of Technology, speaking on "Changing Trends of Employee Health Insurance Plans," led the discussion on group insurance.

Executive Secretary John Hutton of California Medical Association, speaking on "Will the Relative Value Schedule Solve the Problem of Mounting Medical Costs," pointed out the different plans available. All plans have some shortcomings, he said. He suggested that the insurance buyer make greater use of the public service committee of the county medical association; study the relative value studies produced by California Medical Assn., and give some thought to setting up some reserve funds for payment of extraordinary medical fees, and that beneficiaries be educated as to indemnity facts.

"The Insurance Carriers' Part in These Developments" was discussed by Huleman Grigsby, Aetna Life, who said there is no longer any question of continued health insurance benefits for retired workers, but rather when they are continued, how the benefits should be limited and how much they are going to cost active employees. He declared the relative value fee schedule helps in writing a realistic surgical schedule and determining whether charges are within reason.

Charles L. Mehagan, General Adjustment Bureau manager at Los Angeles, talking on "Multiple Location Coverages," pointed out that the present location building and equipment credit plan has certain premium advantages to insured.

Norval McDonald, chief engineer of Industrial Indemnity, discussed "Fire Protection and Fire Prevention." He declared that fire losses are growing despite improved fire fighting facilities. He said that if a serious fire should happen in a plant, there would be disastrous indirect effects, including loss of employment by personnel, customers going elsewhere, rebuilding and planning and competition. These fires could be prevented in many ways, he said, but the trained multiple

line safety engineer is the best approach.

"Liability Insurance for Tomorrow's Needs," was touched on from three angles with Allan Pither of Continental Casualty speaking on it "From the Underwriter's Standpoint," Laurence K. Gould, vice-president of Johnson & Higgins of California, reviewed the history of packages, down to the present comprehensive policy, holding it might be called the first and is one of the finest. He pointed out it has limitations, and advocated reduction of exclusions to the bare essentials, mentioning that the latest policies have no less than 15 exclusions.

Vice-president Gordon H. Snow & Pacific Indemnity spoke on the subject from the lawyer's viewpoint. He said: "Inflation is a factor we must consider and which requires careful, deliberate conclusions as to its influence on the liability exposure pic-

ture." He declared buyers must reconcile themselves to the fact that developing experience will precipitate further increases in insurance cost.

Another factor tending to introduce instability is the increasing tendency on the part of legislators to broaden benefits on every front, he said.

On the liability policy form, Mr. Snow said perhaps the simplest form of liability policy would be the mere statement that in exchange for a stipulated premium, the insurer would assume all of the legal liability of the insured, and we are coming closer to that ultimate."

One of the most important talks was that of President Harold A. Hatch of Argonaut on "How New Legislation Will Effect Workmen's Compensation Costs."

"The Changing Pattern in Higher Echelon Thinking" was the title of a talk by Robert E. Battles, immediate

(CONTINUED ON PAGE 36)



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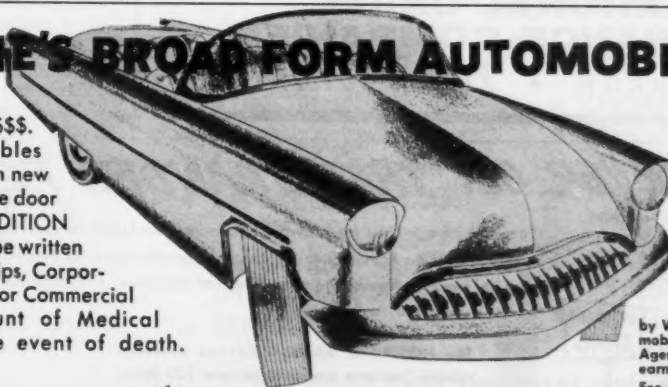
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See No Letup In Squeeze On Hull Underwriters

(CONTINUED FROM PAGE 1)

eral and head of the Institute, also discussed the hull situation.

Madoe M. Pease of North British, New York, discussed shipbuilding risks and also presented a paper on marine insurance problems in offshore petroleum exploration and drilling. A. B. Stewart of London Lloyds discussed the problems in the nuclear fission field, and Mr. Chubb participated with a paper on the same subject.

Owen E. Barker, president of Appleton & Cox and past president of the Institute, dealt with maritime safety developments; John T. Byrne of Talbot, Bird & Co., presented a report of the committee for freedom of insurance, of which he is chairman, and Harold Jackson, head of William H. McGee & Co., reported as chairman of the cargo loss prevention committee. John T. Behan of Canada described the St. Lawrence river as one of the most hazardous navigation routes in the world.

There were 37 associations and 35 countries represented at the congress, and Council of Marine Underwriters in South Africa became a new member. About 120 delegates attended the sessions, which were held in the palace of the trade guilds in Copenhagen. The next meeting will be held in Salzburg, Austria, Aug. 31-Sept. 5.

The union went on record in a resolution urging improvement in the customary practice of general average adjustment, and recommended that underwriters urge that all parties involved in general average adjustments—shipowners, general average adjusters and underwriters—avoid delays in completing these statements.

The council also adopted a resolution on uniform vessel tonnage measurement and pledged support of United Nations in its effort to bring about greater uniformity between the regulations relating to tonnage measurement of ships.

H. J. Quirino da Fonseca of Portugal was reelected president of the union, and L. Rostock-Jensen of Denmark was elected vice-chairman of the council.

Mr. Mummery stated that the spiral of the increase in cost of hull repairs has not reached its peak. A rise of approximately 10% in repair costs in the United Kingdom and in continental repair yards may be expected, he said, and perhaps even more considering overtime from congestion in the yards. Furthermore, this congestion and the full employment of ships often cause shipowners to postpone repairs, which leaves their ultimate cost uncertain. On the other hand, some owners, because of falling freight rates, have decided to reduce their insured values and which again faces underwriters with uncertainty in repair cost in relation to these insured values.

Mr. Chubb concurred in the serious

view taken by Mr. Mummery. The American hull market is growing internationally, he said, and he pointed out differences between American underwriting techniques and those of markets which follow the joint hull understandings. The rating by the American market is not by formula but by individual underwriting which considers experience of the specific fleet and caliber of its management and maintenance of its vessels. On renewal American underwriters also have before them current rates and repair costs and a progressive chart of the results of each past year, which indicates whether the fleet has reported its claims fully and promptly. The syndicate can negotiate on a factual basis and name an equitable rate. It can reach a sound decision whether to continue on the business in the event of unduly low rates being quoted in other markets.

Hull reports also were made by German, Italian, Spanish, Portuguese, Dutch, Norwegian, Danish, Swedish, Canadian, Japanese and French markets.

Mr. York said that "super-tanker" was first used to identify vessels of 17,000 to 18,000 gross tons and now is used for those ranging to more than 50,000 tons. There are at least 63 tankers of more than 60,000 deadweight tons on order or planned for delivery before 1965.

A most serious factor for underwriters to evaluate concerns draft. This involves limitation in channels and approaches to terminal and refinery discharge locations, and also, at U. S. ports, depth restrictions in passing over the continental shelf to reach harbor approach channels. Such limitations may necessitate lightering part of the cargo before a vessel proceeds to her discharge location. Unprotected waters and uncertain weather may be involved.

Other problems involve ship structure weakness, availability of strategically located graving docks, adequacy of tugs to handle the huge ships if they break down on long tows in difficult weather, availability of masters and other licensed personnel who are trained to handle these mammoth ships. Structurally, there are problems of hogging and sagging, weight of tremendous quantities of water on the broad deck, and rapid loading rates of several thousand tons per hour. If the tankers have a draft problem and can load only at high tide, delays may result in ships sitting on the bottom plates.

Mr. Stewart, chairman of the union's nuclear fission study group, suggested council members should collect information in their own countries and forward them to Robert Meier of Switzerland for collation. This information should relate to: Laws or draft laws dealing with where the liability should lie; laws or draft laws dealing with limitations of liability; arrangements in the various markets such as extent of cover given, exclusions, limitations, etc.; laws contemplated in connection with hulls with nuclear propulsion, or the carriage of isotopes or fissionable material; views of scientists or other experts in the various countries as to the possible extent of loss or damage if there were a reactor accident in a large port or if there were an error or mishap in disposal of waste; views as to the degree

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of susceptibility of various commodities.

Consideration should be given to the British report on land risks as to where marine underwriters' problem is the same or parallel with the non-marine one, and to what extent different, Mr. Stewart commented.

Discussion emphasized that the problems of insuring nuclear-powered vessels lie primarily in the third party risk (both P.&I. and collision clauses). Mr. Chubb said certain governments may insist on much higher limits of insurance than are customary for vessel liabilities, and special pooling techniques may be required as with land risks. Aside from third party risks, Mr. Chubb hoped that hull insurance can be provided without too much difficulty through normal market channels.

Mr. Chubb said that the added risks to which conventional hulls and cargo are exposed through proximity to nuclear-powered vessels are still more or less unknown and may be of serious proportions. He hoped certain technical studies will throw light on this question.

The personal views of Mr. Stewart emphasized his lack of apprehension, his distaste for use of pools, and his confidence in the capacity of underwriters to absorb the risks that will arise. But Mr. Chubb stated that "we are faced with questions of the utmost seriousness" and that while underwriters must find means of providing the needed cover they must also look realistically at the risks to be run.

Prof. Artom of Italy discussed the draft treaty now being considered by Organization for European Economic Cooperation which will deal in part with defining and limiting nuclear third party liability and with jurisdiction where damage involves more than one country.

On shipbuilding risks, Mr. Pease said, the American market breaks down the policy rate into four parts, fire, launching, trials and miscellaneous risks. A committee of American Hull Insurance Syndicate has been working on a much needed revision of the institute builders' risk form. The form is also used for coverage of repair and conversion risks. The most difficult work in redrafting has arisen from the exclusions for faulty design and for risks and liabilities arising from nuclear propulsion.

Peter Leth of Denmark dealt with the problem of increased value of vessels under construction under Danish conditions, and Prof. Artom with that in Italy.

Mr. Pease said production of oil

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from strata underlying the Gulf of Mexico is estimated at 95 million barrels for 1957 and perhaps 280 million barrels by 1970. There are 1,700 structures in the gulf, extending 50 miles from shore and in water up to a depth of 120 feet.

Offshore drilling has spread, either as exploration or drilling, along the continental shelves of all six continents and in the islands of Indonesia and the West Indies. Particularly promising areas are in the Persian Gulf, the Adriatic, the North Sea and the area off the delta of the Amazon river. He stated that underwriters may anticipate having to judge all varieties and combinations of climate, weather, oceanography and working conditions.

The cost of structures used to produce oil is high and is growing. Units valued up to \$8 million are planned. Unusual risks are involved, including hurricanes, the hazards of "blowout" and "cratering" and unusual towing problems.

He said that when considering offshore oil drilling risks, underwriters should watch:

Sensitivity of the particular type rig to the hazards of moving, and of being towed between drilling sites; fire, explosion, blowout and cratering; susceptibility of the structure to wind-storm and wave damage; exposure to possible collision, particularly in locations in the vicinity of steamship lanes.

Also, whether structures are manned by personnel familiar with operations at sea, and not alone with the production of oil; concentration of exposure to hurricanes—this rapidly growing industry will be increasingly exposed to one catastrophe, and up to now there has been no real test of the stability of drill-rigs in general during a full hurricane.

Also, the form should cover only fortuitous perils and exclude those resulting from normal wear and tear since total loss is the major risk, it would seem unwise to grant increased value insurance; there should be a sufficiently high deductible to eliminate the usual small claims, and rates should be high enough to take care of the catastrophic losses which seem inevitable.

Mr. Barker reviewed safety-at-sea developments arising out of the *Andrea Doria-Stockholm* collision. He stressed the need for the calling of a new safety-of-life-at-sea convention at the earliest possible date.

Mr. Byrne warned of the restrictive tendencies of certain lesser-developed nations and the resurgence of protective trade measures by many countries.

Mr. Jackson said the cargo loss prevention committee wishes to develop each year the several instances where a loss problem which is pertinent to one market may, upon investigation by the committee, prove to be international. Sweat damage, particularly on canned goods, is an example. He also touched on transport of dangerous goods, uniform vessel tonnage

measurement, and custom warehouse fires.

F. B. Zeller of Royal has resigned as chairman of the clean bill of lading committee. Pierre Varlez of Belgium read Mr. Zeller's report, and Jean Jaubert of France was named chairman.

John T. Behan of Canada read a paper on the marine casualties on the St. Lawrence river in 1956. He termed the St. Lawrence one of the most hazardous navigation routes in the world. The distance from Liverpool to Cape Race, he said, is approximately 1,800 miles, but from Cape Race and beyond Montreal to Kingston, Ont., is 1,166 miles consisting largely of treacherous, hazardous waterway. From Kingston to the head of the Great Lakes is another 1,034 miles. In many places the river is only 35 feet deep and in some areas only 500 feet wide. He discussed the hazards of fog and ice. During 1956 there were 62 casualties involving 75 vessels in the St. Lawrence river and gulf. He presented an analysis of causes, the outstanding of which were 32 by strandings and groundings, 16 by collisions and seven by ice.

Mr. Behan urged that all ships with electric steering gear be equipped with complete double circuits with automatic change-over if one circuit fails. Human failure was involved in 60% of the St. Lawrence casualties, and educational work is needed in the use and limitation of navigational aids.

R. A. J. Porter of United Kingdom presented a committee report on extent of cover discharge. Reports from several markets indicate the new London Institute extended cover clause, introduced in 1956, is widely used. However, several markets considered 60 days too long a period to grant to some bad destinations and some markets would like to see a return to the warehouse to warehouse clause.

A new cargo insurance committee was created with Mr. Porter chairman, which will keep cargo problems under review.

M. Jaubert, chairman of the committee on comparison of clauses, and Willy Meyer of Zurich urged all markets to scrutinize their standard policy forms and clauses and, after comparing their wordings with those of other markets, thoroughly examine possibilities to achieve more uniform terms.

Chicago Buyers Hear Panel On Fidelity Covers

Chicago chapter of American Society of Insurance Managers heard a panel discussion of "Fidelity Coverages: How To Choose Them, How To Use Them" at the September meeting. Panel members were C. M. Rhodes, Marshall Field & Co., and Robert B. Myers, Fairbanks, Morse & Co.

Stress Fla. Time Limit On Credit Life, A&S On Real Estate Loans

Due to some apparent misunderstanding among insurers and lending institutions, Commissioner Larson of Florida has restated the department's rule that credit life and credit A&S may be written on real estate loans of less than 36 months' duration, while ordinary life policies must be written on insured loans of more than 36 months.

The agent must be licensed to sell ordinary, and insured must have the right to choose the primary beneficiary. This does not, however, preclude insured from voluntarily nominating the lending institution as the primary or first beneficiary. Group life may not be used for coverage on real estate loans of more than 36 months' duration.

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Michigan Agents Convene On Mackinac Island

(CONTINUED FROM PAGE 26)

the straits and the ice were at one time thought to be insurmountable, and there was the further question of whether the rock under the straits would bear the load. As recently as 1953 the public attitude was that a bridge was an unrealistic dream. Mr. Rubin commented. He went into some detail describing the problem the authority had in floating its bond issue of approximately \$100 million, an experience that obviously was trying and was successful only after New York Life gave impetus to the sale of the bonds by taking \$10 million of them. Mr. Rubin said today the bridge bonds are nearly tops in the municipal bond market.

Reporting on the Midwest Conference meeting in Chicago of agents and Western Actuarial Bureau members last June, M. Frank McCaffrey of Detroit, said the agenda was unusually short, consisting of only 20 items, because the complaints of agents in the past have largely been answered and the multiple peril approach to insurance has taken a good deal of author-

ity away from the midwest executives and put it in New York. Additionally, the sad underwriting experience the companies are currently undergoing made it silly for agents to press for extensions of coverage.

Mr. McCaffrey said the agents made it clear to the companies that they intend to cooperate in difficult times.

Of the 20 items on the agenda, some of the matters worth mentioning, he said, were:

The formation of the farm subcommittee which has effected several important changes; the question of rating of protected suburban property, on which action is expected within 18 months; rates for trailer homes—records are now being kept and at the next meeting a report is expected; the question of the difference between approved and unapproved roofs, on which it is hoped sufficient records will be available by the next meeting to show the significance.

Alfred DuBay of Monroe, Joseph C. Russell of Fidelity & Deposit, William E. Shaw of F.D., and Mrs. DuBay.



The nominating committee's slate of officers was voted upon as the last item of business, and the new official family was installed at the banquet by Commissioner Navarre.

Modica President Of AIU Agency Unit

American Home Agency has elected Thomas N. Modica president, succeeding Clifford A. Roche, who has been president since 1953. Mr. Modica has been senior underwriter in the fire department of American International Underwriters, a post in which he is succeeded by Sidney J. Gregory, who has been associated with him. The agency has offices in New York and Chicago.

Mr. Modica had been with AIU 10 years. Previously he was special representative, fire underwriter and assistant manager of the inland marine department of Corroon & Reynolds. He began in the New York office of Fred S. James & Co. in 1927.

Mr. Roche has not announced his plans.

U. S. Chamber Insurance Report Favors Keeping Govt. Out Of Business

WASHINGTON—The largest number of members who have yet attended—26 out of 34—were on hand here when the insurance committee of U.S. Chamber of Commerce met earlier this month. Chairman Edward B. Collett of Ft. Worth, executive vice-president of Millers Mutual Fire, and one of two directors of the national chamber representing the business, presided.

The committee received a number of reports from officers and subcommittees, including one in favor of keeping the government out of business, particularly health insurance and flood indemnity.

However, the federal atomic reactor indemnity program received support from the chamber and the insurance committee.

Also submitted was a report on preliminary arrangements for the next Hemisphere Insurance Conference slated to be convened in Caracas, Venezuela, in November, 1958.

A. L. Kirkpatrick, manager of the chamber insurance department, reported on its activities, and Charles Houston, assistant manager, reviewed legislative history of the past year in the insurance field and prospects for the future.

MFA Mutual Names Graham Sales Manager

MFA Mutual has appointed T. P. Graham Jr. sales manager. He has been branch manager at Houston for Mutual Boiler & Machinery.

Aetna Fire has honored Wolf & Cohen local agency of Washington, D.C., with a plaque commemorating the 50 years that the agency has represented the group.



On hand from Detroit: Maurice L. Greer, secretary-manager of the Detroit association; M. Robert Olp, president, and Ben L. Paddock.

Charles F. Norton, manager of Chubb & Son at Detroit; Mrs. Norton, and Norman C. Acker of Marsh & McLennan.



Inland Marine Claims Men Elect Cherrington

Inland Marine Claims Assn. of New York has elected Robert L. Cherrington of American Surety president succeeding Paul E. Irish of Fireman's Fund. William B. Marks of American Home is vice-president, Ernest F. Warren of Springfield F.&M. secretary, Howard L. Hitchcock of Century treasurer, and Thomas M. Horan of Appleton & Cox assistant secretary. Directors are Lawrence B. Missimer Sr. of St. Paul F.&M., Leslie Lloyd of Pacific Fire, and Mr. Irish. New officers were installed at the annual outing in Tuckahoe, N. Y.

Allstate Gets More Time To File For Fire And EC Rate Deviation In N. C.

Commissioner Gold has given Allstate until Sept. 25 to bolster its arguments for a 15% deviation on fire and extended coverage rates in North Carolina.

The usual 30-day period for filing additional briefs expired Sept. 5, but Mr. Gold granted a 20-day extension. If no further brief is filed, he said, the application will "abate," meaning that there will be no deviation.

Mr. Gold already has denied the request because Allstate hasn't complied with the rule requiring three years of experience in the state. The company renewed its request a month ago, arguing that its experience elsewhere has been sufficient to justify the deviation. At the time, Mr. Gold left the matter open for the company to file a new brief and for North Carolina Fire Insurance Rating Bureau to answer. No new briefs have been filed so far.

List Changes In Texas Auto Rate Bases

Three changes in the automobile rate-making procedure in Texas have been approved and are to be applied to the 1958 review of auto insurance rates, according to a ruling issued last week. The changes are:

1. To use both calendar accident-year and policy-year statistics in reviewing experience for private passenger automobile non-fleet.
2. To reduce the basic experience period from three years to two years for both the liability and physical damage lines and revise the weight factors so as to give greater credibility to the most recent experience, with the latest year having a weight of 70.
3. To make August 1 the date for annual revision, instead of May 1, which has been in effect for many years.

WC Filing Returned In N. C.

Commissioner Gold, detecting a discrepancy in evidence introduced at the annual hearing on workmen's compensation rates, has returned the filing to Compensation Rating & Inspection Bureau of North Carolina. He has asked the bureau to determine whether it should revise the filing or continue present rates for another year.

The filing proposed an over-all increase of 1.6%, resulting mainly from legislative changes in the compensation law. Mr. Gold said his study of the filing showed that in some classes of the textile industry the increases would range from 8.3% to 13.7% and "although there may be merit in the request, the hearing record does not substantiate it."



Lee Matthews, director of Michigan Insurance Information Service, and Mrs. Matthews.



Roy L. Davis, midwest manager of Assn. of Casualty & Surety Companies, with William C. Bishop, general manager of Michigan State Accident Fund.

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Cites 50th Year Of Organized Fire Prevention

(CONTINUED FROM PAGE 13)

Fire Prevention Assn., which took a lead in the movement, published a constitution and bylaws and listed the charter members (mostly capital stock company field men) in 1905. Missouri Fire Prevention Assn., which also conducted inspections, was organized in 1903. Similar associations presently emerged in other states.

It was not uncommon for them to visit communities as a group for the

purpose of a single campaign inspection of local mercantile and public building occupancies and to suggest corrections of hazardous conditions found. Thus it was from the beginning that public-spirited local insurance agents cooperated to make these campaigns successful.

In 1952, 407 cities and towns throughout the U. S. reported a total of 2,129,823 inspections. In 1954 it was

600 communities, 3 million homes; in 1955, 1,200 communities, 5 million homes, and in 1956, 2,000 communities, 8 million homes.

The success of the program can be judged by this response.

The effectiveness of fire prevention activities has never been in doubt, regardless of increasing fire losses, which this year may exceed a billion dollars for the first time in history.

About the time fire prevention activities began on a basis that was not spasmodic, the estimated value of the

nation's reproducible tangible assets was \$7 billion. That included residential and non-residential structures, farm buildings, institutional and government buildings, and inventories, including crops and livestock—mostly structures and goods that were insurable. Fire losses that year were \$165 million.

By 1952, when the latest figures were available, the burnable national assets had increased about 12 times over the 1905 figures. Fire losses had increased only five times.

Undoubtedly other factors besides fire prevention work have affected the widening gap between the values of structures and goods at risk and the actual fire losses in the last half century. But the gap is large enough, and has coincided near enough with increasing fire prevention activities to support the assumption that safety work has been effective, National Board declares.

Regardless, much greater effort is needed to offset increasing fire losses, and it is only through continued public cooperation that this can be effected.

Pacific Indemnity Appoints Martin To Underwriting Post

Pacific Indemnity has appointed Paul Martin casualty underwriting superintendent at the home office. Mr. Martin served in various positions with California Compensation Fund from 1931 to 1948, when he first joined Pacific Indemnity as a casualty underwriter. He became compensation superintendent for Swett & Crawford in 1949. He has served three terms as a stock company representative on the classification and rating committees of California Inspection Rating Bureau.

Corroon Elected Executive V-P Of R. A. Corroon & Co.

NEW YORK—The R. A. Corroon & Co. brokerage firm has elected Robert F. Corroon to the newly created post of executive vice-president. He has been vice-president.

Mr. Corroon is the son of the late James F. Corroon, co-founder and former chairman of the firm, who died Aug. 25. He joined the firm in 1940 and since then has been active in all phases of its operations.

Aetna Casualty Appoints Fosse, Transfers Wiegardt

Aetna Casualty has named Alfred R. Fosse Jr. bond superintendent at Minneapolis to succeed E. Yale Wiegardt, who has been transferred to Charlotte, N. C. Mr. Fosse has been in Detroit.

Mrs. Esther Diebold Heads Tri-County, Mich., Assn.

Tri-County (Mich.) Assn. of Insurance Agents has elected Mrs. Esther Diebold president; Ernest Lucas vice-president, and Irvin Reichle secretary-treasurer.

The agencies of Smith & Bryant and H. Robert Eager Inc., Watertown, N.Y., are merging into Bryant-Eager agency Oct. 1, with offices in the Northern New York Trust Co. building. Officers will be Robert B. Bryant president, H. Robert Eager vice-president, and Frederick G. Lyman Jr. secretary-treasurer. Mr. Lyman is president of Watertown Insurance Exchange and a director of New York State Assn. of Insurance Agents.

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lapping contracts into an effective program, and similar "small" services.

Agents can also assist in claim matters, delivering claim checks reporting losses, making out necessary reports, explanation of use and limitations of automobile identification cards and of procedure for use in case he has an accident when away from home. Safety and loss prevention offers another fertile field for agency service, he said. Mr. Steinauer also recommended that agents aid insured by offering to explain to his children the values of safe driving habits when they come near driving age and see that insured's coverages contemplate their driving when that time arrives.

To strengthen their position with the insurance buying public, Mr. Steinauer concluded, agents should recognize that their freedom to serve is their peculiar advantage as independent agents and they should try to earn their commissions by providing as many individual services to insured as they can.

The remaining portion of the panel's time was given over to detailed reviews of coverages available to the local agent as tools in the battle against direct-writing competition. Mr. Greenberg explained the provisions of the broad form storekeepers and the blanket crime policies; Mr. Kahrhoff outlined procedures for use in classifying and rating workmen's compensation risks. Mr. Barker showed the advantages of use of package dwelling policies such as homeowners, and Mr. Walt reviewed the many types of comprehensive general and automobile liability package policies.

A second panel discussion entitled "Public Body Insurance" was presented on the afternoon of the first day. Moderated by Dr. Curtis M. Elliott, University of Nebraska, the panel discussed details of the insurance of city and county governmental units, educational institutions, political subdivisions, hospitals, public utilities, and community and civic non-profit organizations. Participants were Kenneth C. Young, North America; U. Cone Johnson, Aetna Fire; Arnold G. Leonard, Travelers Indemnity, and Howard H. Fletcher, executive secretary of Lincoln Assn. of Fire & Casualty Agents.

There are three reasons justifying use of the public business survey as a vehicle for placing insurance information in the hands of public officials, Mr. Young said. They are: Reduction of the possibility of unexpected catastrophe expenses to the people in the community, if recommendations in the survey are complied with; the fact that the existence of a proper insurance program will accrue to the credit of public officials if catastrophe does strike, and of course the fact that agent wants his product used effectively to justify his profession.

Preparation of a survey report should start with a meeting of all agents, company representatives and public officials; the "agent of record" letter should be secured and should be regarded as a retainer between the agent and the customer, and a discussion of the coverages and the corresponding city properties should be held to include all major coverages which may be involved.

The survey should be prepared by the most capable person available, Mr. Young said, since the more authors a given report or survey has, the more



R. C. Allgood



Fred Parker

confusing to the insured it is likely to become. In a similar vein, the account should be controlled by as few producers as possible, since, if the local independent agent is to prove his value in contrast to the direct-writer, he must service his insured, and there is little incentive to do this if the responsibility for the business is parcelled out among many agencies.

After outlining the case against self-insurance by public bodies, Mr. Johnson said that insurance of public bodies should be sold in order of its importance. In considering the risk, the first object is to protect against shock losses. "We need to know first what property if destroyed will cause the greatest financial loss to the governmental unit involved," Mr. Johnson explained. In most cases this will be the buildings and contents.

How may the agent then arrive at the value of these items? The value may be determined by conversion to present-day values of original costs, evaluation by local contractors, independent appraisal or by use of qualified insurance engineers and/or field men. The last suggestion must be followed with caution, however, since field men seldom have the facilities to properly value contents. In this situation, each department head can inventory his contents and replacement cost and proper depreciation can then be determined. Mr. Johnson strongly recommended the writing of contents insurance on a replacement cost basis, especially on newer building.

Agents should educate public officials and board members of public organizations to the advantages of public liability insurance, Mr. Leonard said. Since the number of negligence actions against public bodies is steadily rising and since the field of governmental immunity constantly is growing narrower, liability insurance can protect the public entity by serving in investigative, legal and fiscal capacities and by guaranteeing insured validity of claims. Other benefits include possible out-of-court settlement, a fair contest if court action is necessary, payment of all claim expenses, and prompt payment of claims up to the limit of the coverage. Mr. Leonard went on to point out provisions of Nebraska law imposing liability upon public corporations within the state for which general liability, workmen's compensation and automobile coverages are the most effective remedies. He emphasized that it is important for agents to explain these statutes to boards and officials to stress "that the many proprietary functions of their corporate bodies carry the same duties, responsibilities and liabilities on account of negligence that is imposed upon private owners of similar enterprises."

In reviewing the role of the local

board of agents in public body insurance, Mr. Fletcher listed as advantages the efficiency which can be obtained through use of a board or agents association, the fact that the members of the association have available the broadest possible range of outlets markets for various coverages required, and that the board, through its insurer connections, is able to secure the full cooperation of a wide range of experts including rating bureau representatives, engineers and underwriters.

Administration of an insurance program then becomes the chief function of a local board. To implement this, one agency or board member should be appointed as insurance manager for the public corporation and he should serve as the middleman in all transactions with insured including delivery of policies, endorsements, loss drafts, changes in coverage, etc. He should also keep a record of each policy written, the amount of premium, the amount of commission and that portion of the commission which is to be retained by the local board itself.

Additional administrative functions can be handled by the establishment within the local board of a city business committee which will handle the placing of new city business and increases in outstanding policies. If, happily, the board obtains a surplus of funds through the operation of the insurance manager and the city business committee, the extra money can be used to further accident and fire prevention activities in the community, a use which in addition to its basic value also contributes greatly to effective, public relations.

A filmstrip presentation of the proposed national advertising program of National Association of Insurance Agents opened the second day. The film and prepared commentary were presented by Alfred E. Becher, Columbus, Neb., and the ensuing discussion of the program conducted by Mr. Becher and Paul H. Jones, local agent of Tucson, Ariz., a member of the executive committee of the national association. The convention expressed considerable interest in the program, with most questions centering about

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the apportionment of the program's cost to the individual participating agent as well as inquiry as to the effectiveness of the national program in areas of the state not within an effective television range and removed from urban centers.

In his address, "Your Next 50 Years of Service," Mr. Jones defined service from an agency's standpoint as "a continuing thing" and stressed that the interest of the public must be paramount. He asked whether service in many cases means serving or selling since the first thing most agents think of when service is mentioned is "what's in it for me?"

The agent has an additional duty to the insuring public in these days of serious insurer situations and rising loss ratios, he said. "There is great need for unity of purpose between agents and companies," he said, and he emphasized the alliance of the agents' and the insurers' fortunes. Therefore, he said, it is the duty of the agent to aid in explaining today's situation to the insuring public, rather than constantly representing the public in demands for broader coverages and lower rates.

Mr. Jones repeated his belief that the big difference in policies between companies using the American agency system and the direct writers is the intent of the company and the service of the agent who sells it. In this respect, he stressed that local agents have in their boards and associations the greatest force in the insurance field. To win the battle with direct-writers, agents must deliver good intent and possess integrity, must know the product and believe in it, must tell the public about the product and, above all, must deliver service to the insured.

Gerber Reviews First Year As Ill. Director

(CONTINUED FROM PAGE 1)

tics will have to be obtained more expeditiously so as to develop rating formulas that are more realistic.

One of the serious problems of insurance, he opined, is that bankers, lawyers and the consumers have no real understanding of what insurance is supposed to be and what it is supposed to do. The industry must approach this educational problem on an elementary and fundamental level. Mr. Gerber mentioned that some life agents don't have any idea of the whys and wherefores of casualty rates and complain about them. The public is critical sometimes of insurance because there is no understanding of the principle on which it operates.

Some time ago the department wrote to insurers cautioning them to be careful about wholesale cancellations, Mr. Gerber said. While the companies have their own problems, they must recognize that they are akin to utilities and must exercise responsibility. One solution is to be careful in the first place so that there is no necessity to second guess underwriting or filings.

In 1956, before he took office, Mr. Gerber said the department examined 60 companies but in the first eight months of this year has examined 75 and has increased its participation in NAIC exams. The department has participated in the legislative picture, helping put through two bills covering liquidation that have had the effect of taking a number of cases off the court calendars and putting them under the jurisdiction of the liquidation

So. Cal. Buyers Hold Conference At L. A.

(CONTINUED FROM PAGE 29)

past president of National Assn. of Insurance Agents, who said the price of insurance has increased little, if any, when prices of other services and commodities have at least doubled or trebled; insurance companies collectively have made little or no profit for the past five or six years; the full impact of the decisions which place insurance in the category of interstate commerce are just being felt, and recent years have seen the broadening of insurance contracts to the point where neither their authors nor their purchasers fully understand their actual scope. During all this period there has been a rising surge of competition and competitive pressures which the industry has never before faced, he added.

Mr. Battles envisaged many decisions, joint and individual, by management during the coming year tending to clarify the situation. These decisions, he opined, will tend to return underwriting to a more conservative basis, and the thinking along these lines will bring about tremendous changes in rating bureaus, so that they will become a meticulously accurate source of detailed underwriting information.

He gave passing notice to insurance company stockholder unrest, but said that management is moving toward getting individual companies in good financial shape. He warned: "You may expect noticeable curtailment in any blue sky policies you now hold and you should be prepared for an over-all increase in the cost of your insurance."

"International Insurance Problems" was the subject of A. E. Gilbert

of American International Underwriters at the banquet. He said the scope and magnitude of American industry in terms of impact on world affairs is almost beyond belief. "The post-war emergence of the United States as a major world power has been and still is firmly based on the willingness and the ability of the American insurance industry to provide protection against every conceivable and insurable hazards to which American interests may be subject wherever they are legitimately engaged, he declared. In responding to the challenge the "American insurance industry has become a giant with enormous muscles but with an astounding flexibility," Mr. Gilbert continued. "Within our own lifetime American insurance companies serve not only American interests at home and abroad, but also provide insurance protection to every country in the free world—in their currencies, in their language, and according to their own customs and traditions."

"Imagine the complexity of handling workmen's compensation insurance for five or six thousand citizens of half a dozen countries all working at skilled or semi-skilled jobs on an operation outside the homeland of most of them, where the insurance coverage is based on the benefits applicable to their home country, the country in which they were individually hired, the country in which the job site is located, and probably on top of all these, the state of California," he said.

Alfred I. Jaffe, vice-president of Jaffe agency of New York, discussed the effect of automobile insurance

rates on jury verdicts in accident claims, their sometimes astronomical amounts, and how drivers in effect set their own premium rates through accident experience, at a luncheon meeting of the Kiwanis Club of Bush Terminal, Brooklyn.

More Jurisdictions OK New Term Factor

Pennsylvania and Delaware have approved the revision in the term rule, increasing the multiple form 75% to 85% of the annual rate after the first year. At the same time the 78% multiple for installment premium payments was increased to 88%. The homeowners premiums are increased 8% for three year policies and 10% for five year policies. For comprehensive dwelling policies the term rates are increased 8% with a substitution of a 2.76 factor for the old 2.56 factor.

The Inland Marine Insurance Bureau filing to increase the term multiple from 2.5 to 2.7 times the annual has been approved in 35 states and Alaska, most recently in Delaware, Pennsylvania and Wyoming. It is still pending in District of Columbia, Hawaii, Puerto Rico, Kentucky, Louisiana, Mississippi, Nebraska, New Jersey, New Mexico, New York, North Carolina, Tennessee, Texas, Virginia, and Wisconsin.

The revision in term multiple made with National Bureau of Casualty Underwriters on accounts receivable and valuable papers has been approved in Alaska and 28 states: Arizona, Arkansas, California, Colorado, Connecticut, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, North Dakota, Ohio, Oregon, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Washington, and Wyoming.

S. W. Walter has been transferred by General Adjustment Bureau from Salinas, Cal., to Visalia as manager. He will assume his new duties Oct. 1. Mr. Walter was with Fire Association before going with GAB.



Marion E. Burks, member of the Illinois house and formerly with the Illinois department, at the speaker's table of Insurance Group of Union League Club of Chicago to hear Director Gerber, with Roy L. Davis, midwest manager of Assn. of Casualty & Surety Companies and chairman of the Insurance Group.



At the head table of the Insurance Group of Union League Club of Chicago: From the left, Director Joseph S.



Gerber of Illinois; Sen. W. Russell Arrington and Sen. Arthur J. Bidwell, president pro tem of the Illinois senate;

Levering Cartwright, insurance journalist, and F. Vernon Rosenthal, assistant director of Illinois.



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